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PROPOSAL FOR EFFECTIVE PREPARATION OF EXPATRIATES FOR AN INTERNATIONAL ASSIGNMENT IN CHINA

NÁVRH ÚČINNÉ PŘÍPRAVY EXPATRIOTŮ NA JEJICH PŮSOBNÍ V ČÍNĚ

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Pokyny pro vypracování:

Introduction

Aim of the Thesis

Theoretical Background

Problem Analysis and Current Situation

Proposals and Contribution of Suggested Solutions

Conclusions

References

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Abstract

The aim of this master's thesis is to describe Chinese culture and customs to expatriates or readers, which are going to be integrated into the Chinese business environment, as well as to propose an effective preparation concept for international assignments in China. In order to fulfil this aim, the author of this paper use a combination of relevant theoretical frameworks and personal interviews with top managers of companies involved in a trade with China or cooperate with Chinese production facilities.

Abstrakt

Cieľom diplomovej práce je priblížiť Čínsku kultúru a zvyky pre expatriatov alebo čitateľov, ktorí budú v budúcnosti integrovaný do Čínskeho obchodného prostredia, ako aj navrhnúť efektívny koncept prípravy na tamojšie pôsobenie. K dosiahnutiu tohto cieľa použil autor tejto práce kombináciu štúdia relevantných teoretických poznatkov a osobných rozhovorov s vrcholovými manažérmi spoločností, ktoré sa podieľajú na obchodovaní s Čínou alebo inak spolupracujú s Čínskymi výrobnými závodmi.

Key words

China, culture, business environment, expatriates, intercultural human resource management

Kľúčové slová

Čína, kultúra, obchodné prostredie, expatrioti, medzinárodné riadenie ľudských zdrojov

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Brno, July 22, 2016

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Martin Varhaník

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Introduction

The world becomes smaller, people around the world are connected together via their smartphones, cars and trains are faster and safer, flights are more affordable and with approximately 170 thousand flights per day (Flightradar24, 2016) everyone is able to find an appropriate flight. Space travelling, speedway to Košice or the Hyperloop is becoming the reality nowadays.

Globalisation has made the world one big marketplace where people from all around the world lives and do business together.

In the year 2012, among the world economy, a significant milestone has happened: China overtook the United States of America in the field of exports and imports and China has become the largest trading nation in the world with total value of exports and imports equal to the value of 3.87 trillion dollars, while the entire trade of the United States of America reached the amount of 3.82 trillion U.S. dollars in 2012 (The Telegraph, 2013).

But it is not only the import and export, contemporary China invests a massive capital around the world and China has become a significant player in this field. For instance, CEFC (China Energy Company Limited), which is the largest private company in Shanghai and the sixth largest in China, chose the Czech Republic as their gateway into the Europe (Skala, 2015).

China has a great potential for importing “the Western goods”, with a strong industrial potential as well and China has become an interested destination for competitive foreign companies (Havlíček, 2015).

All of the mentioned above increase the possibilities for a doing business with Chinese more often than ever before, but many people are still afraid of the difference, changes or unknown situations which may occur when doing business with Chinese. This paper deals with an issue, where people maybe have an interest in doing business with Chinese, or see a potential in this country, but they are afraid of it, maybe due to lack of information about the Chinese culture, life, communication issues or a way Chinese do the business.

After reading this paper you will not be able to understand China and what this country is about, because no one is able to do. On the other hand, you should get more information and astonishment about the Chinese mentality and culture in order to enhance your courage in doing business with Chinese and generally to coexist together in a harmony, and, of course, to lose a fear and anxiety of Chinese and China in general.

Vítězslav Grepl, the ambassador of the Czech Republic in China, notes that someone who has spent in China one week, wants to write a book about it, who has spent there one month will write an article about China and who lives in China for more than a year has to swallow a fact that he or she will never fully understand this country (Česká Televize, 2008).

1. Aim of the Thesis

The main aim of this paper is to describe Chinese culture and customs to expatriates or readers, which are going to be integrated into the Chinese business environment or China in general and to offer them a helpful handbook associated with their integration into the unknown environment.

The secondary aim of this paper is to propose an effective preparation concept for international assignments in China. This preparation concept is designed for a selected company, which is cooperating with the same corporate group's production facility in China.

In order to fulfil this requirements, the author of this paper use a combination of:

- Relevant theoretical framework, which helps to understand Chinese culture and Chinese business environment. This was used as a basis for a critical literature review which is analysed, individual issues are described by an objective and unbiased opinion and similarities or differences among specific areas are compared together
- Personal interviews with expatriates of companies involved in a trade with China or cooperation with their Chinese production facilities, which brings their personal remarks, experiences, advices and their personal insight on a specific issues in China and its business environment, and on the future development of China as well
- Analysis and proposals for a preparation concept of the selected company - the data of this preparation concept were obtained throughout the managing director of the selected company. This company is sending their employees, mostly managing directors and technicians from their European subsidiaries, into the China for a short term and long term periods, with uniform preparation. The data were obtained during several meetings in the form of a mutual discussion and written down on the paper with a pencil. The proposal concept is designed for this company, by an application of appropriate theoretical background,

knowledge obtained throughout a personal interviews and the author's own ideas and proposals.

2. The phenomenon of a Chinese century

The following chapter, telling about the rise of a China in last few decades, is written based on memorials and findings from an Italian author, journalist and sinologist Federico Rampini (2008), who has served as a columnist and correspondent for la Repubblica in Beijing, where he inaugurated the new China bureau of la Repubblica in July 2004 and remained in this area till 2009 (Gruppo Esponenti Italiani, 2009). The author of this paper also wants to pay tribute to Rampini's book *Il Secolo Cinese* (The Chinese Century), where one of the reasons why this book was written is fear and astonishment by western countries about China and the book portrays contemporary life and situation in China.

Maybe you have noticed that the phrase "pay tribute to" was used, as information from Rampini's book are used in this paper. Basically, one could understand this as copying, or, in academic language quoting and paraphrasing. What the author of this paper wants to say by this, is, that there can be several ways how to understand one and the same thing. When you arrive to China, try to remember this and try to look at a situation by different point of view, or "by Chinese eyes" because what western countries people can consider as ridiculous, the same thing can be common and usual for Chinese mankind and vice versa.

Chinese companies have been using the phrase "pay tribute to" probably more often than western countries companies, which often have, paradoxically, a Chinese owner. Time by time it seems that Chinese products are only copies of established brands. Surely, the author of this paper does not want to claim that in China there are developed and produced only cheap and poor-quality alternatives to products from established brands, but in case of product copying it is understandable that brands with original products are frustrated about this, as they invest a lot of money into the design, research and developments, on the other side, these "fake" products are sold mostly in China, and if you look at this situation by "Chinese eyes", why a Chinese customer living in Beijing or Shanghai should not enjoy the life, where they can enjoy the Starbucks coffee, who cares whether it is called Bucksstar coffee, where a young Chinese boy or a girl will arrive with a speed pace on a scooter that looks exactly like an Italian Vespa,

although it is made by Tatotao motors in China, or on the fancy car as a British Rover, which is sold in China as a Roewe? However, the last case cannot be classified as copying, as Chinese carmaker SAIC Motor bought British Rover in 2006 (The Telegraph, 2006).

If we consider the fact that a lot of Chinese customers do not have an opportunity to buy original “western product” as they are not available on the Chinese market, and the established brands are not able to offer an affordable price to a regular Chinese customer, therefore it is understandable that there are fake products for a fraction of a money on the market.

Adding that China is a collectivist country, and its companies want to share the good part of already developed product by other companies. When Chinese companies will invent something new, other companies may feel free to inspire, Chinese believes that this way of thinking is alright and it may support a healthy competitiveness on the market and customer benefit in a final consequence.

As mentioned above, when a person is integrated into the China or is performing a business with them, it is important to think differently, think Chinese and to look at a situation through “Chinese eyes” and not to judge in advance without knowing the overall situation.

“China is a sleeping giant, Let her sleep, for when she awakes, she will shake the world.”

These words were said by Napoleon Bonaparte on the beginning of the 19th century, as a reaction on the journal from the embassy of lord Macartney, first British ambassador in China. In that time Napoleon didn't know that his prophecy might be fulfilled, although not as a military superpower but as an economic one.

With about 1.3 billion (plus minus 200 million) people living in China is currently every fifth human living on the earth Chinese, and Mandarin, with its extension, significantly outperforms the spread of an English language and is the most widely used language in the world.

Chinese gross domestic product has risen more than four times from 1978, which is the biggest economic growth in the history. Up to now, it is the first case when such an extensive part of world's population has outgrown the poverty threshold. In an unexpectedly short time period, China has rebounded from basically zero-position on the world trade, during Maoism, to current third position among export leaders (Rampini, 2008).

In the field of foreign investments, in the year 2003, a world hierarchy has shattered – foreign investments, excluding net financial investments – shares, bonds etc., with a total value of 53 billion dollars has flowed into the China, while into India this amount was worth 4 billion, in Russia only 1 billion and in the United States it was 40 billion dollars, what ensured that China won first place in this discipline (Rampini, 2008).

In 2004, this trend has even strengthened to 60 billion, and according to Hans Christiansen, an OECD economist, the main reason why this happened is the quality enhancement - the aim is not to produce for lower costs and subsequently export goods back to the United States or to the Europe, but the priority is an activity in China, which can possibly take the advantage of local consumption power (Rampini, 2008).

From the other perspective, an irresistible glamour of China is causing a pain on the other side. In only one year, foreign investments in Europe has decreased by 23%, which in a final consequence might cause capital losses and increased unemployment rate (Rampini, 2008).

In 2005, China became the world's largest consumer of industrial and agricultural products, which has replaced the last 100 years leader, the USA. In the same year, China's users with access to the internet have outperform, with a number of 134 million users, the amount of users in the USA. (Rampini, 2008). This number of connected users still represents only about one tenth of the Chinese population, but do not forget the fact it was in 2005 and the number of internet users is rapidly growing up.

The power of China consists of the combination of a great area, an inexhaustible cheap labour and technological achievements of a modern life. Neither the most advanced technological sector is not protected against the Asian giant rival, as it is the most populous consumer, a nation which exceeds in a scientific research, biotechnologies and conquers the universe. Whether a China is perceived as a threat or an opportunity, no one dares to ignore this country.

As Rampini (2008) states in his book, the Chinese economy will be, according to an American bank Goldman Sachs, three times bigger than the economy of the United States, the London-based newspaper *The Economist* estimated that in next 50 years China will help the global economy with wealth equal as four another Americas would be discovered.

Obviously, there is no certainty that trends from the past will take effect in the future. Pessimistic scenarios mention an extensive list of issues, which could not go well and subsequently slow down the Chinese economy or even stop the "Chinese boom".

We can say, thanks to a modern technology, our planet is nowadays much "smaller" and more connected than 100 years ago, therefore it is crucial that we need to prepare, to get up on a new world, about which most of the people does not have a sufficient amount of information and which is predestined to change the 21st century.

However there is an excuse why most of the people from western countries have lack of information. It was not expectable. Only couple of years ago, in the last few decades of 20th century, Shanghai was a dilapidated and lagging Third World city, where streets, full of bikes and two-stroke engine rickshaws, have not changed very much from the World War II.

There is no case in the current history, where during only twenty years was made, literally from nothing, a new 200 million people middle class endowed with a “western” purchasing power.

Currently, in China there are high-speed trains which neither Italy cannot afford, services at a level of quality that, even western countries can learn from them, new skyscrapers are growing in a pace, that if a person will leave a city for half a year, after returning will be disoriented and stunned by the change.

To make that miracle happened, a theory of Maoism had to be disposed, which was oppressing Chinese hidden bottomless energy. Discipline and obedience of a nation, where a work is still a blessing, notorious business talent, modesty of families and respect to the education enabled to achieve this “Chinese miracle”.

Chinese are aware that they are situated in the centre of the world, have a confidence in the future and who is integrated there for some time, soon will be infected by its unrelenting optimism.

And why is this chapter called the phenomenon of the Chinese century?

Even several generations before us, our grandparents were convinced that the centre of world’s history is situated in London, Paris, Vienna, Berlin or Roma, but world has become influenced by an “Americanization” and its way of working, technologies, consumption, lifestyle, fashion or mass culture.

But China is an original civilisation with rich culture and 5000 years old history. In some sense a “Chinese century” is putting things back into order, giving this country a role, which has belonged her for centuries, indicates the return of ancient centrality, rediscovery of the “Middle Kingdom” which in many cases was ahead of the West.

Despite of the fact that China is the oldest civilisation on the Earth, China has stopped, in last few decades, to build something that would strengthen its own culture, excluding the economic growth. There is one unwritten rule in China: if a Chinese history should be saved, there need to be some kind of connection with a profit (Rampini, 2008).

There are not only emerging signals about the future superiority of China, but this country comes into the fashion again. There is growing interest about the oldest culture

in human's history, whether it is movie, literature, pop art, martial arts, traditional medicine or Taoism.

However it is not only a culture on the rise. China raises various immediate threats that may concern us, such as the economic one, which is the least justifiable. Among us, in our houses and workplaces, there are meddling invisible advantages from Chinese producing abilities. So called "Chinese price" – the fact that this country is able to produce nearly everything for about 50 percent lower costs, is an economic fact which the western people cannot deny. Efforts to escape from Chinese competition are unacceptable, because we benefit from this competition and bears witness to us. Some time has passed from when we stopped to produce computers or mobile phones. Slam the door in the Chinese face would be a great mistake because it would mean that we would lose part of our standard of living. The low Chinese price, which is for some of us a threat, is an opportunity for others, for instance for consumers or companies that relocate production. 59 percent of "Made in China" export is de facto "the western" export, which is produced by multinational companies from the "West".

Sinologist Simon Leys claims that there is a special magic in China, which is influencing those, who approached her, similar to when a woman is attractive to a man. This is caused for one elementary reason: from the "west" point of view is China an opposite pole of human experience.

Based on the Wall Street Journal survey provided between CEOs of biggest American multinational companies, the answer for a question where the journalist asked which factor is the only one that can change the world we live in, a definite answer was replied – China (Rampini, 2008).

In the same vein, National Intelligence Council, a department of CIA, drafts in one of its possibly future scenarios that China have the same important resources as allowed the United States to outperform the United Kingdom – namely geographical area, population size, large and growing domestic market, good education system (in the urban area), access to the capital and technologies and undervalued currency (Rampini, 2008).

Those researches conclude that the impact of Chinese “superpower” on the world situation is comparable with the rise of the United States. The biggest strategic rival of China, the United States, admits first, that the 21st century will belong to the China.

2.1.Chinese manners

Victor G. H. Ho, commercial lawyer of China Practice Group claims that Chinese people are born with one special feature - speculation. Adding, that Chinese market is not transparent, it is relevant to be careful (Rampini, 2008).

For instance, many companies have managed to put their shares on a stock market, but not because of they had a good financial health, but because companies did not have enough money and the government supports them. What does not make a profit, it will be privatized by the government. The state is using the stock market as a substitution of taxes. The market works, there is a confidence in it, and the confidence has to be built based on rules.

2.2.Life in a modern China

2.2.1. Chuppies

In a modern China’s cities you can meet a lot of “chuppies”. This new expression is based on English yuppie (Chinese-yuppie). Chuppie is an educated person, which have a general overview about the situation in the world, as this person is a regular reader of an elite journal the Global Times, wears fine clothes, drives a Japanese or a German roadster car, and lives with a partner in a nice residential Beijing’s area and with his/her peers has a weakness for everything from abroad. This is a picture of a typical chuppie.

But chuppie’s desire for a foreign stuffs decrease when it comes to the democracy. This generation has literally bargained away the democracy. Chuppies claims that a growth, a wealth and a prosperity in modern China would not occurred without a stability in the government. In the same breath arguments that pluralism, elections with various candidates, press freedom are valuable in countries, where a high level of development and education exist, and China is not adapted to these conditions, at least not now (Rampini, 2008).

But when chuppies were young, they were different. In 1989, during the Tiananmen Square protest, chuppies were fighting for a movement in democracy. Currently, it seems that this generation says sorry for this situation, but they choose it. Maybe a democracy is not what we deserve, because we do not have a courage to fight for it, claims Chuppie (Rampini, 2008).

Despite of that, we should bear in mind that most of Western people have carved out the freedom by a birth in a place, where a freedom has already exist.

Considering that a contemporary China is “better” than China in 1989, and not only thanks to high skyscrapers and all the wealth which can be seen around in the big cities. It is the freedom of travelling abroad, the freedom of buying various imported goods, the freedom to make a pilgrimage for Buddhist monastery, to own a phone with which you can call to a family living in Hong Kong, Taiwan, New York etc. Therefore, people does not feel a necessity to fight for the democracy. Of course, all of mentioned are freedoms more personally than politics. But you can buy people.

2.2.2. Planet of the only child

In last few decades, China was defusing the demographic bomb with the most powerful politics of restricted birth control ever. The restriction about the only child has decreased the growth of a population rapidly, with current level of growth only 0.7 percent. The restriction was simple: when a child after first child was born, this situation has caused an increase in taxation and tuition fee for the family.

In a final consequence, this restriction has several negative impacts: the population became overaged and crisis in retirement and healthcare system occurred.

Shanghai, a financial city and a capital of an industry boom is currently dealing with shortage of young people on the labour market.

It is expected that in the year 2025 there will be more than 300 million inhabitants in China with age over 60 years, while the young generation will be reduced. In Confucian tradition is the only source of social care the family. This system was acceptable during the age of an Imperial China, when the old generation was surrounded by “crowds” of sons, daughters-in-law, grandchild and great-grandchild. If we consider that the lifespan

of old people living in contemporary China has increased, this way seems to be impracticable (Rampini, 2008).

Side effect of the one-child restriction is, that the generation of Chinese youngsters have become more individualistic and egocentric, where the respect for elders was replaced by adoration of scarce goods - children.

Yang Xiaosheng, a famous Chinese litterateur, describes those only childr, which are an outcome of this culture as egocentrics, ruthless careerist unable to accept criticism (Rampini, 2008).

Another population issue in China is the disproportion between women and men. De facto, this is not only a contemporary problem. In the 19th century the system of hierarchy and family issues favoured male offspring and incited the killing of baby girls.

The disproportion between men and women is a side effect of the only child policy. If most of Chinese from the seventies had to have only one child due to this policy, they did not give up an old hierarchy, the male supremacy. This is an ancient prejudice, where women were considered as less productive and subordinated persons, which had to after a marriage serve as slaves in their husband's families and take care about their fathers and mothers-in-law.

Therefore, if a Chinese family was forced to have only one child, they decided to have a boy. In the eighties, in rural areas were killed lot of girls, as a consequence of this situation the government took an action and gave an excuse for families to have a second child, if a girl was born as a first child.

Later, together with a formation of an economic boom have spread new methods as an ultrasound. This possibility, allowing to find out whether a girl or boy will be born, led to an increased growth of female abortions, as a consequence of this was the ultrasound banned, but it did not help anyway, because China is a speculative nation and if they wanted, they found a way how to get to an ultrasound and to find out the sex of their yet unborn child.

Luckily, in 2004 the Chinese government introduced a programme called "Care for girls", where parents of a daughter were entitled to reimbursement of tuition fees, free

insurance for daughter until they reached a matureness, discounts on rent and assistance in job search – in a country where a social securement is a fully private thing and tuition fees represent a significant burden on the family budget, this is a very generous offer.

Only for an interest, the current ratio of men to woman in China is 120:100 (Rampini, 2008).

If this trend will continue, in a short period there might be in China about 30-40 million men doomed for a celibacy. Unluckily, this generation of frustrated men might be dangerous for the rest of population, because if we have learnt something from a history, it is the fact that when a similar situation occurred, often arose an increased number of acts of violence, wars, revolutions, terrorism, civil wars or another social conflicts. Adding, modern Chinese women have a very complicated personality (see chapter 2.7), this is not an ideal situation for those men.

On the other hand, this is a great opportunity for women from all over the world, which are for some reason not satisfied with men in their country or are not able to find the right man. Just move to China, choose one of the 30-40 million single men, which otherwise would be doomed for celibacy, and stay together.

2.3. China and sex

As Rampini (2008) states in his book, sexology as a science is still considered as pornography in China. Despite of that fact, professor Ma Xiaonian provided the first modern research dealing with Chinese women and sex. His daring research inquires even forbidden questions concerning for instance auto erotica, petting, number of orgasms or a level of sexual satisfaction.

The research was provided in September 2004 with sample of 400 000 women and has brought a revolution into the traditional thoughts about a Chinese woman. The research contained questions, which have nobody asked before, and the answers were often surprising.

The portrait of Chinese women is currently much more spontaneous and equal than most of people thought.

It was not expected that 93.8 percent of women consider quality sexual intercourse as one of the crucial element of a successful marriage. Many women put sex before the wealth, which is strong argument in the most materialistic country in the world (see chapter 3.1.1.).

According to Xiaonian's research 74 percent of women masturbates on a regular basis in order to experience pleasure, 82 percent of women reach orgasm regularly and 47 percent of women experience the orgasm frequently and repeatedly.

45 percent of respondents are single women, but 75.5 percent of them maintains sexual relations and 32 percent of married women admitted an extramarital relationship.

All of this is convincing us that Chinese society, in this case women, are not as conservative as many people thought.

It is necessary to mention that professor Ma Xiaonian provided this research throughout the internet, hence we can say, it was a first sex research of Chinese women using the internet. Therefore a typical respondent was an independent and confident woman, about 30 years old, graduated from the university which is not afraid to express her feelings. These women describe themselves as a single, beautiful women with a life fulfilled by a career, yoga, swimming, reading, parties and transient relationships. They say: if there are such opportunities, why should we become grounded by a marriage? Adding that many of mature men seem to be afflicted by low self-esteem, what means there is no place in their lives for a woman with strong personality.

In the Xiaonian's research, men were studied as well, with not really progressive result. Sexual curiosity of male partners is limited and satisfaction of women's requirements is not a priority for men. Only 18 percent of men is indulging foreplay in the bed.

Interesting is a comparison with another research mentioned in Rampini's (2008) book, which was provided four years earlier by professor Pan Suiming from the Renmin University of China, which had one competitive advantage: this research studied inland provinces and agricultural areas as well, which is a world, where women still have the same status as in the history.

The result was quite different from Xiaonian's research. Only 62 percent of men and 38 percent of women claimed that they have reached an orgasm. One third of couples used

to have sexual interaction less than once in a month, and 60 percent of women claimed that a sex is not attractive for them.

It is important to realize that this China is different. Many women do not know what the “orgasm” is and refuse partner’s proposals in the bed. In the end they resign for the sex and suffer the intercourse passively just because of sheepishness or fear of divorce, but during it they feel as being raped, they are embittered and spiteful. As a consequence of this way of sexual lifestyle there is a lot of suicides, where the proportion of women represent 70 percent of total number.

2.4.Chinese development

In the chapter above (2.2.1.), chuppies claims that a development in China is not as mature as in other countries, but not everything what chuppies claim must be true.

At least not in the question of the country’s history. An Anglo-American bestseller called *1421: The Year China Discovered the World*, its author, Gavin Menzies, maritime historian and former officer of the British Royal Navy, claims that a Chinese seafarer, discoverer and diplomat Zheng He did not only commanded voyages westwards, but he performed a way better as it is known. Menzies claims that he found proofs ensuring that Zheng He have reached the coast of an America seventy years earlier than Columbus. Menzies also claims that Chinese sketched a map of an America, which was subsequently founded by Portuguese.

Theory which explains that Chinese discovered an America before Columbus is currently investigating in academic environment, with no clear conclusion.

Whether the America was discovered by Columbus or Zheng He, the fact is that Zheng’s westwards voyages are a proof, that in that time China had the most developed technology and reminds us ingenuity and courage of Chinese people. Also western historians do not doubt that China of the fourteenth century was a way further in the field of development and scientific knowledge (Rampini, 2008).

This reflects the contemporary Chinese situation as well, there is no aim for China which is not achievable, whether it is conquest of space, achievement of Olympic records, modernization of the economy, or conquest of foreign markets.

2.5.The dark side of an economic miracle: poverty in the rural areas

Or why there still will be boundless difference between rural and urban area.

For the elementary schools, which are theoretically for free, there is still an obligation to pay for books and “participation in didactic activities”, which, for people from rural areas, are hardly manageable costs. This is a reason why every year leave the school educational system millions of kids from rural areas. The result of this is a world of difference between rich and poor and between urban and rural areas.

People migrating from rural areas to the coastal megalopolis may feel hopeless and isolated. They cannot rely on local authorities in case they need help, and if so, anyway there is no trust from rural people against those organs.

Employers often abuse weak negotiating position of these people, wittingly delaying the payment before holidays in order to prevent of their returns back to home and a long absence in the work, or in the worst case do not pay agreed payments. The government estimates that only in the year 2004 employers owed 12 billion dollars to immigrants (Rampini, 2008).

Lot of these immigrants works illegally, do not have a residence permit in urban areas and lives in fear that police will find them and send back to home. Therefore they are vulnerable, extorted and abused. Unfortunately, there is a lot of suicides every year. Migrants deprived of payments, who cannot come back to their families during holidays are often not able to get over this situation. As well as students, under an enormous pressure from their families indebted by bank loans, cannot bear the thought of returning home without an academic title.

Academy of Social Sciences considers this new problem of Chinese society, a society affected by wealth, as a ticking bomb and an indication of a social crash.

2.6.The dark side of an economic boom: environment

The main resource of heating in China is the coal stove. Even in the capital, in the heart of the new world’s superpower, there are coal stoves in almost each house. When you

turn on your computer, light up the lamp or travel by train in China, you are indirectly burning the coal in thermal power plants.

As a consequence of this, the colour of China is not yellow or red, as shows the flag, but it is black, the carbon blackness of soot obscuring the sky at sunset, covering cities with a smoke blanket, stains rivers with a black toxic and watering rice plants with acid rains.

In China, there is consumed, whether directly or indirectly, in average one ton per capita each year. If we consider the amount of people living in China, we will get the final consumption of coal equal to 1.3 billion tons per year.

In China, there is consumed, whether directly or indirectly, in average one ton per capita each year. If we consider the amount of people living in China, we will get the final consumption of coal equal to 1.3 billion tons per year. In 28 thousand coal mines is produced 1.7 billion tons a year, which is such a big volume that part of it is sold to the rest of the world (Rampini, 2008).

Asian economic boom is a locomotive powered by coal, and the result of this is related to all of us. Satellites have captured a huge cloud of smog, which is covering almost the entire area of China and India. According to meteorologists, part of this toxic cloud is “travelling by an express corridor” to the rest of the world and settles, for instance, into the lungs of European as well. When we look at it from the other side, with a bit of exaggeration, the western world deserves to inhale part of this toxic cloud, which was made by a production of our smartphones, jeans, computers, shoes etc. manufactured in China.

A person integrated into one of the Chinas megalopolis should prepare for the fact that in many city districts there is an acrid smell of smoke coming out of the coal stove chimneys. Reportedly, if you do not know what you are inhaling, there is something beautiful in this toxic smell: it may remind the smell of mountains, holiday wooden cottage or a smell of the Christmas fireplace. But when your eyes start to sting and lungs start to cough and spit on the ground, suddenly you realize it is not the mountains and Christmas smell.

Then, according to Red Cross research, seventy five percent of Beijing's inhabitants suffer from illnesses caused by the traffic and air pollution, and after a long time the expected average length of a life started to stagnate (Rampini, 2008).

For instance, in the Zhongguancun, Chinese technology hub with a high concentration of technological industry, also called Beijing's Silicon Valley, is the average length of life only 53 years, while in the rest of the country an average human dies after reaching the age of 72. Each year in China dies untimely more than 300 thousand people suffering from lung cancer or respiratory diseases, which are the leading diseases causing death (Rampini, 2008).

An interesting fact for not only smokers: In big Chinese cities, the air that people have to breath is so polluted, that radiograph of twelve years old children's lungs is identical with a smoker, which smokes two packs of cigarettes a day.

The author of this paper is not saying that China is not sensitive in this area. China is building giant hydroelectric power plants and modern ecologic nuclear power plants. China has set even more strict limits for vehicles exhaust emissions than in the United States in order to fight against smog and in order to decline the fuel consumption as well.

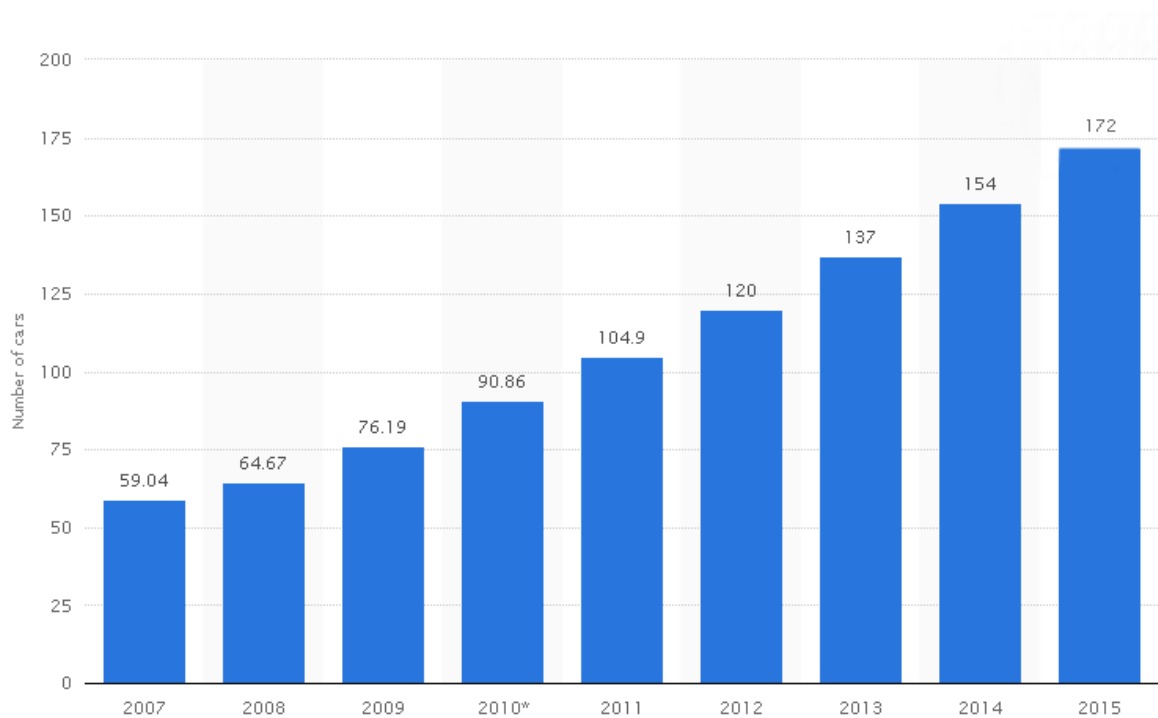
Despite of the fact, that China is the second biggest polluter of the environment in the world with 1.4 billion of emissions released into the atmosphere, the United States have released 1.85 billion tons and defended the domination in this area, this is mainly caused due to the demographic and economic area of China. In produced emissions per capita we can say that China is even "eco-friendly" country, with six times lower production of emissions causing air pollution per citizen than in the United States.

This is caused especially thanks to a lower average standard of living, for Chinese typical modesty and with that associated lower consumption of consumer goods.

On the other hand, in pursuit of achieving the western standard of living, Chinese people works within the ecosystem which uses natural resources in the less economic way. To raise the gross domestic product by one percent, China have to pollute the environment much more than European countries or the United States would do in order to achieve the same result.

Another factor which is influencing the environment in China is the traffic. The “cyclist” Beijing and another big cities from several years ago have transformed into the megalopolis permanently distressed by traffic jams, despite of enormous investments into the city infrastructure and government’s effort to adjust the road network. In 2004 there were “only” 25 million vehicles in China and the traffic in cities was already paralyzed.

In 2015, a number of vehicles in China has raised by nearly 150 million vehicles from 2004, reaching 172 million vehicles and China’s ministry of transportation estimates this number will stop on the value of 250 million vehicles (see graph 1)



Graph 1: Number of vehicles in China from 2007 to 2015 in million (source: Statista, 2016)

2.7.Oedipus complex

Dai Sijie, a French-Chinese author and filmmaker was directing a movie based on the story of *Balzac and the Little Chinese Seamstress*, which was filmed in mountainous and peripheral region of China.

When Dai and his team was working on this movie, sometimes happened that there was nothing to do after filming. Dai often entertained his film crew by telling stories in order to relieve boredom.

Once Dai decided to explain them what is it psychoanalysis. He started with an Oedipus complex. To make it easier and more understandable, he simplified it and said that, according to Sigmund Freud, each son desires to kill his father and have a sexual relation with his mother.

The response of his audience was a surprise for him. Literally, they started to laugh boisterously and wanted to hear this story about these kids from western countries with strange desires again and again.

Maybe you ask yourself, what such a story is doing in a paper concerning the integration to the Chinese business environment.

According to the Confucian tradition, which has during centuries highlighted the paternal authority, respect for parents and a discipline of son against father, this was a significant cultural shock for Chinese audience.

What this story is telling us and concluding is, that a person which is doing business with Chinese, and a Chinese business partner recognizes that you do not care about your family, they will consider you as untrustworthy person which is not suitable for doing business.

Maybe you think you respect your family, naturally. But the importance of the family issue is substantial, and therefore it is recommended to be careful.

For instance, during small talk, if a Chinese businessperson asks you about your father, how is he doing, and you answer: “Oh, I don’t know, I haven’t seen his for weeks, he is in the retirement home”, in Chinese eyes you are now a renegade who is not able to take care about father. This may lead to a situation when the business will not take place. The reason why is very simple. If you do not take care about your family, they expect that you will not take care about the business.

Dai says that, during his business trips around China, he was surprised by the expansion of prostitution, which is considered as a common.

During his stays in provincial towns with his film crew, they have often found in their hotel reception “prepaid” prostitutes by producers as a usual gift for persons with such a status. Dai also claims that many of his colleagues did not wonder and rather received this gift with pleasure, saying “modern Chinese women are too complicated, you have to woo them to get them into the bed, this is much easier”.

2.8.The Chinese century: when it will be accomplished?

Who lives among Chinese, learns to admire their amazing vitality, their refined culture, fantasy, wisdom and curiosity towards rest of the world.

Therefore it is considered as unnatural that China has leaders, which have been appointed on their positions by themselves. The Chinese century will not be completed, until in the heart of Forbidden City, the Beijing, will be established a democracy, says Rampini (2008).

„More globalisation and less freedom, more capitalism and more discipline for everyone: it would be worst possible end of the Chinese century.“ (Rampini, 2008).

The Times (2005) points out several factors, besides outstanding growth of the economy, such as Chinese modern educational system which is designed to support 21st century science and technology education or still a huge reserve of labour that works on the land, where population living in urban areas has increased from 26% in 1990 to 56% by the end of 2015 (CCTV, 2016) etc. China has also understood the importance of domestic and international freedom of trade and endeavour to reach good relations with trading partner. Dahlman and Aubert (2008), support a view of The Times and believe in the Chinese century as well. On the other hand Beckley (2011), and The Federalist (2015) oppose, that due to Chinese fiscal policy which is generating unstoppable debt accumulation and asset bubbles, the 21st century will not “belong” to the China.

Despite of all that facts, author of this paper believes that in any event, whether the economy of China is growing rapidly or the growth is slowing down, there is no doubt

that China is an emerging global force imperium and the 21st century is the Chinese century.

3. Literature review

3.1. Basic facts about China

Fast Facts (National Geographic Kids, 2016):

Official name: People's Republic of China

Form of government: Communist state

Capital: Beijing (Peking)

Population: 1,355,692,576

Official languages: Standard Chinese, Mandarin

Money: Yuan (or renminbi)

Area: 9,596,960 square kilometres (3,705,405 square miles)

Major mountain ranges: Himalaya

Major rivers: Yangtze, Yellow

“For centuries China stood as a leading civilization, outpacing the rest of the world in the arts and sciences, but in the 19th and early 20th centuries, the country was beset by civil unrest, major famines, military defeats, and foreign occupation. After World War II, the communists under MAO Zedong established an autocratic socialist system that, while ensuring China's sovereignty, imposed strict controls over everyday life and cost the lives of tens of millions of people. After 1978, MAO's successor DENG Xiaoping and other leaders focused on market-oriented economic development and by 2000 output had quadrupled. For much of the population, living standards have improved dramatically and the room for personal choice has expanded, yet political controls remain tight. Since the early 1990s, China has increased its global outreach and participation in international organizations” (Central Intelligence Agency, 2016).

3.1.1. A dozen of facts about China

In the following points there are highlighted facts which show the greatness and magnitude, but also the dark side of the Red Dragon:

- China is the world's most populous country and the second-largest country by land area what means that one in every five people in the world is Chinese (Worldometers, 2016).
- There is still approximately 100 million people in China earning less than \$1 a day (The BBC, 2011).
- China is the world's largest exporter and second-largest importer of goods, what means that China is the largest trading nation in the world in terms of imports and exports (The Telegraph, 2013).
- The sunrise in parts of China can be as late as 10 am because China joined its five time zones into the single one (EthnoTraveler Magazine, 2013).
- 71 percent of people in China measure the success by things they own, making it the world's most materialistic country (Quartz, 2013).
- Company executives in China can get sentenced to death for committing fraud (Business Insider, 2013).
- China used more cement in three years (between 2011 and 2013) than the United States of America used in the whole 20th century (The Gates Notes, 2014).
- China Overtook the United States of America as the world's largest economy in the year 2014 (Business Insider, 2014).
- Only seven percent of people in China are religious, what means that China is the least religious country in world (Business Standard, 2015).
- China is the country with the largest population of Buddhists, approximately 244 million or 18.2 percent of its total population (PewResearchCenter, 2012).
- It is estimated that about 600,000 people die in China each year from issues related to overwork (Bloomberg, 2014).
- Almost one third of San Francisco's air pollution comes from China (The Wall Street Journal, 2010).

3.2. When cultures collide

To understand the importance of understanding different cultures, there is a great example, a story of Richard D. Lewis, a British cross-cultural expert and author of the Lewis model (see chapter 3.7) and the book *When Cultures Collide: LEADING ACROSS CULTURES*.

“I was once in charge of an English language summer course in North Wales for adult students from three countries—Italy, Japan, and Finland. Intensive instruction was relieved by entertainment in the evenings and by day excursions to places of scenic or historical interest. We had scheduled a trip up Mount Snowdon on a particular Wednesday, but on the Tuesday evening it rained heavily. Around 10 o’clock that night, during the after-dinner dancing, a dozen or so Finns approached me and suggested that we cancel the excursion, as it would be no fun climbing the muddy slopes of Snowdon in heavy rain. I, of course, agreed and announced the cancellation. Immediately I was surrounded by protesting Italians disputing the decision. Why cancel the trip—they had been looking forward to it (escape from lessons), they had paid for it in their all-inclusive fee, a little rain would not hurt anyone and what was the matter with the Finns anyway—weren’t they supposed to be tough people? A little embarrassed, I consulted the Japanese contingent. They were very, very nice. If the Italians wanted to go, they would go, too. If, on the other hand, we cancelled the trip they would be quite happy to stay in and take more lessons. The Italians jeered at the Finns, the Finns mumbled and scowled, and eventually, in order not to lose face, agreed they would go. The excursion was declared on. It rained torrentially all night and also while I took a quick breakfast. The bus was scheduled to leave at half past eight, and at twenty-five past, taking my umbrella in the downpour, I ran to the vehicle. Inside were 18 scowling Finns, 12 smiling Japanese, and no Italians. We left on time and had a terrible day. The rain never let up, we lunched in cloud at the summit, and returned covered in mud at 5 o’clock, in time to see the Italians taking tea and chocolate biscuits. They had sensibly stayed in bed. When the Finns asked them why, they said because it was raining...”
(Lewis, 2006).

In the story told by Lewis are shown typical representatives of three opposite cultural groups (see chapter 3.7): the multi-active (Italians), linear-active (Finns) and reactive nations (Japanese).

Based on the ideas of Lewis (2006), when comparing countries and its national cultures, it is not only the language what is different, the social behaviour, values and life is different as well. For instance, for Finn, the truth is the truth. In Japan it is all right if it does not rock the boat. In Italy, it is negotiable. And in China? *“There is no absolute truth”* (Lewis, 2006).

3.3.Cultural diversity

People among various cultures share the basic concept, but everyone may see it from different perspective. This leads to a situation, where people from one culture may consider another culture's behaviour as irrational and strange. But this behaviour is something what people do subconsciously.

Culture may include elements as values, norms, beliefs, knowledge, art, morals, trends, traditions, laws and many others, depending on the culture, which is shared among a specific group of people (Hill, 2011).

Each culture has its own elements of culture, and based on these elements, quite often, we are able to foresee and calculate how others will react.

In country like China, where a strong economic and political changes take place nowadays, the culture is naturally transforming with those changes. But deeply rooted beliefs, attitudes and values, whether in business or society, still resists and therefore we are still able to predict, or forecast a behaviour and reactions of various groups in some situations, as well as calculate how people from other cultures will react to our proposals and approach us (Lewis, 2006).

Knowledge about essential characteristics of different culture will help us to deal with people from other cultures or nationalities, interact successfully with them and avoid of uncomfortable situations or surprises.

3.4.Cultural differences in international business

Based on the findings from Lewis (2006), joint ventures or prolonged negotiations – those are one of many forms of an international business, which may be for extemporaneous companies or individuals full of obstacles. There may be issues of technical and practical characteristics – for instance a communication among accountants, technicians or engineers. An executive level, where decisions are often more complex, often need to deal with national psychology, characteristics or behaviour, where different culture may cause discrepancies.

Corporate cultures might be contrasting within one country. National business ethics are usually even much more varied. For instance, in the joint venture, where figures an American and a Japanese company, the American company might be interested primarily in profit and the Japanese one in market share, and suddenly there may arise a conflict, the culture and business style collapse.

But the business ethics and cultural background may vary even between countries, which used to be one nation, for instance, Czech Republic and Slovakia. According to the Hofstede model, there is significant difference in power distance and masculinity element (see chapter 3.6) of these “similar” cultures (Geert Hofstede, 2016a). Hofstede’s view is supported by Lewis (2006), who ranks Slovakia closer to Multi-active nations and Czech Republic closer to nations with Linear-active culture (see chapter 3.7).

3.5.Who is an Expatriate?

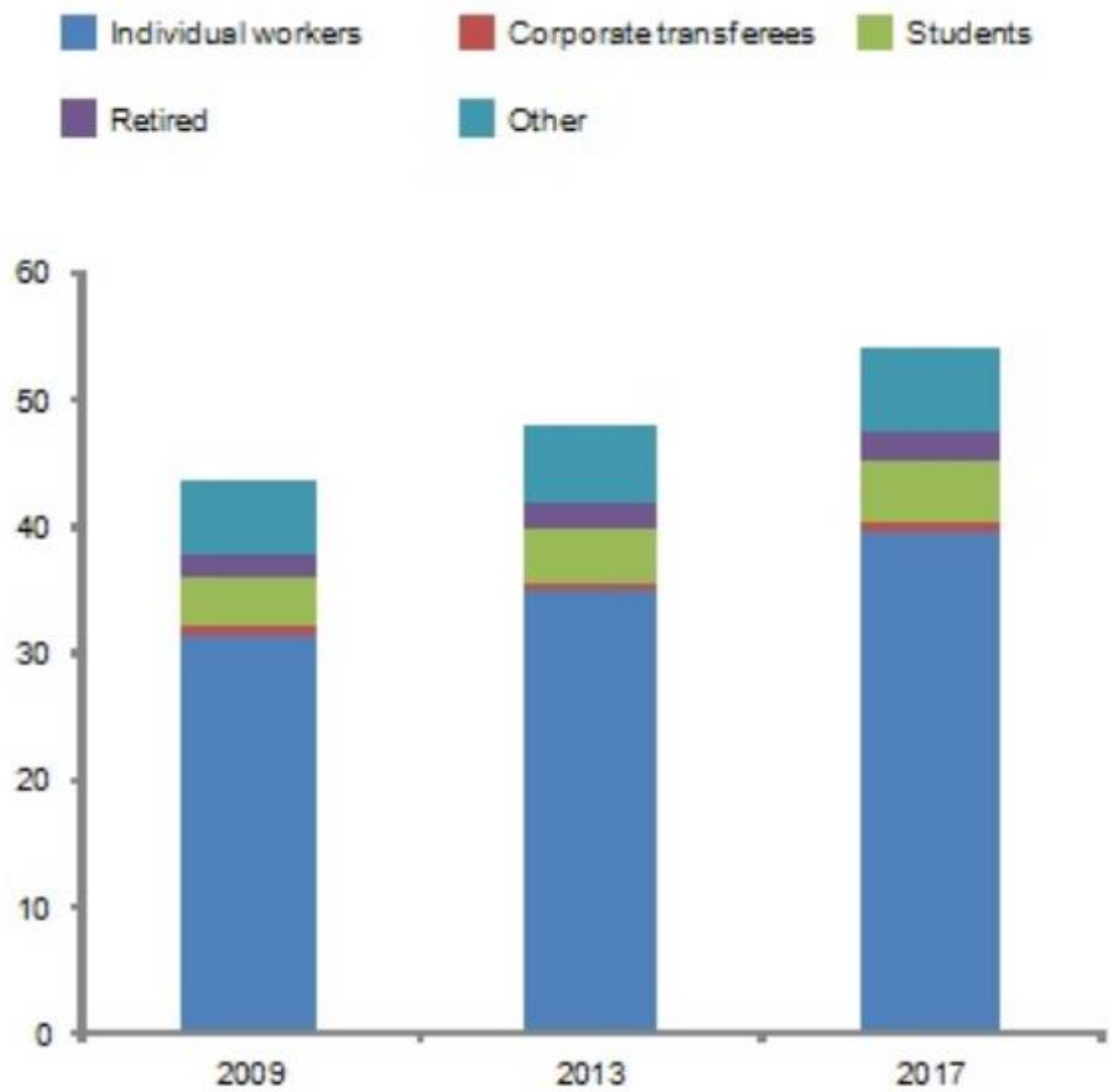
As this paper is dealing with the preparation of expatriates for international assignments in China, it is crucial to understand what is, or who is an expatriate. According to Armstrong (2006), expatriate, sometimes called expat, is a citizen living and working in a different country as their home country.

For a company, which is operating internationally, expatriate is usually quite expensive item. They might be three or four times more expensive as individuals on a similar position in the home country, due to the costs for preparation for adaptation on the unknown environment, which might include expensive cultural, language and similar

trainings, subsequently a special expenses for their families, which often follow the chosen expatriate to the foreign country, or their requirements for a special financial remuneration (Armstrong, 2006). This view is supported by Hill (2011), adding another factor, the repatriation (expatriates returning to the home country company), which is often overlooked, but this might be a crucial factor as there is a risk of, for instance, losing a “good” employee.

As identified by Armstrong (2006) and Hill (2011), expatriate might be very expensive for the company, but on the other hand, as states Rees and Smith (2014), expatriate is often one of the key factor determining the success or failure in the international business.

According to the research about the global expatriation provided by Finaccord (2014), the total amount of expatriates was in 2013 approximately 50.5 million, what represents 0.72 percent of the total global population, and the number is expected to grow (see graph 2).



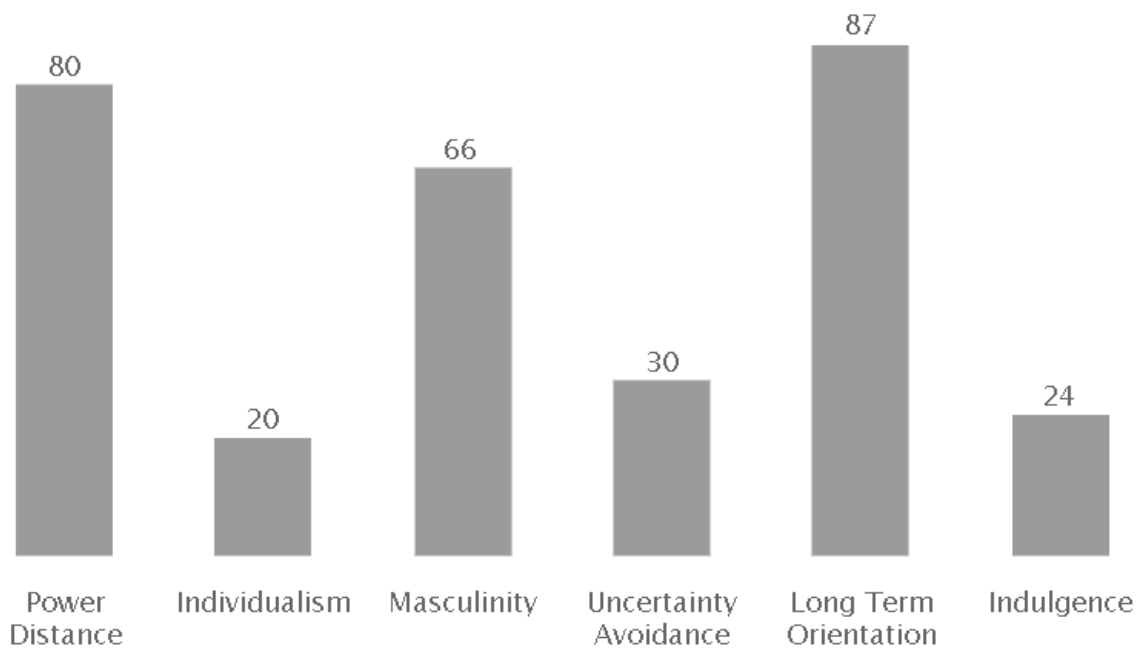
Graph 2: Total worldwide expatriate population segmented by purpose (Finaccord ExpatriateBASE, 2014)

The research of Finaccord (2014), based on data obtained by the UN (United Nations), subsequently identifies that the relative size of the expatriates within the total immigrant population worldwide has a growing tendency as well, where in 2013 the ratio reached 21.8 percent and in 2017 is expected to reach 23.4 percent.

3.6. Geert Hofstede's model of cultural dimensions

The culture is described in many ways (see chapter 3.3). Geert Hofstede, the author of one of the most known comprehensive studies about national values and the author of Hofstede's model of cultural dimensions describes culture as *“a collective programming of the mind that distinguishes the members of one group or category of people from others”* (Hofstede and Hofstede, 2005).

Hofstede's model was created in cooperation with IBM, by comparing various cultural behaviours among more than fifty IBM's subsidiaries around the world. As a result of this research, Hofstede describes elements of cultural systems which influence the behaviour in a working environment.



Graph 3: Hofstede's model of cultural dimensions in China (Geert Hofstede, 2016)

In the following subchapters are described particular cultural dimensions of national cultures according to Hofstede and Hofstede (2005):

3.6.1. Power distance

Power distance is a degree to which the culture believes that institutional and organizational power should be distributed unequally – power distance reflects an attitude of a culture towards inequalities among people. This cultural dimension explains that the less powerful members of the society accept and expect the fact that power is not distributed equally.

China according to the Hofstede's model is a country with a high score of power distance (see graph 3), what means that inequality among Chinese is acceptable and people generally incline toward paternalism and autocracy. The formal authority and sanctions are common among the society, as well as they are strict in the question of rules. Chinese tend to be dependent on their superiors and oppose them seldom. In China the power is centralized, boss is boss and subordinates play by the rules set out by the boss, as well as Chinese are submitted to a person with higher hierarchy and behave formally against them (Hofstede and Hofstede, 2005).

3.6.2. Individualism vs. collectivism

This Hofstede's dimension distinguishes the society on two groups: those who prefer their own interest (individualists) and those who prefer the interests of a group (collectivists).

The basic difference among these groups is that individualists think in terms of "I" and collectivists think in the "we" way, what means they look after each other and the emphasis is placed on interests of a group.

China has a collectivism culture, with the very low level of individualism (see graph 3). Chinese take care about the harmony of a group, are strongly related to a group members and place interests of a group over themselves. Chinese style of the communication is rather indirect, the cooperation in group is exemplary and conflicts are not welcomed there (Hofstede and Hofstede, 2005).

3.6.3. Masculinity vs. femininity

The basic difference among the beliefs of people among this cultural dimension is, that one group wants to be the best (masculine) and the other tends to like what they do (feminine).

Masculine society is driven by the success, career, and strong competition between individuals, while the feminine one considers the quality of the life as a sign of success, prefer tenderness, modesty, they care about people, rely on intuition and build strong personal relationships.

China is a masculine society (see graph 3), where the quality of the life is presented by the success and building career (Hofstede and Hofstede, 2005).

In China, the success is measured by materialistic things: 71 percent of Chinese measure the success by things they own, which is making them the most materialistic nation in the world (see chapter 3.1.1.).

3.6.4. Uncertainty avoidance

Some cultures tend to dislike changes and avoid uncertainty, and some cultures welcome new challenges and do not feel uncomfortable in unknown situations. Cultures with high uncertainty avoidance try to avoid the future changes and threats, usually by establishing rules, laws or plans which may eliminate unpleasant situations in the future. (Hofstede and Hofstede, 2005).

The environment and life in China have changed rapidly in last decades, unknown situations have come more often, and therefore Chinese are resistant against changes, which confirms the low score they reached in this dimension (see graph 3). Attitudes, principles or rules are more tolerant and relaxed in the question of future changes. Chinese are not afraid of various changes or unknown situations, they are highly adaptable and they are able to find a solution comfortably when such a situation occur.

3.6.5. Long term orientation vs. short term orientation

Based on the findings from Hofstede and Hofstede (2005), long term oriented societies emphasize the importance of the future and believe that the result will arrive. On the other hand, for a short oriented society is important an immediate reward or result, “time is money” is an important factor for the short oriented group.

China, as a highly long oriented society (see graph 3), places personal relationships over an immediate result, because they believe that a long term oriented relationship will bring more valuable result. Chinese society is pragmatically oriented and aimed on the strong prosperity.

A great example of the importance of the long term relationship in China, narrated by Dr Chan, is mentioned in chapter 4.5.

3.6.6. Indulgence vs. restraint

Another issue that confronts humanity is the degree to which small children are socialized. To “become a human”, socialization is an inherent part of this process. Associated with growing up, this dimension measures the extent to which individuals are able to control their desires and impulses. Weak control is typical for the indulgence group and the opposite is common for the restraint group. Basically, this dimension describes the degree of happiness and enjoying the life, whether the individuals are rich or poor materialistically. (Hofstede and Hofstede, 2005).

Chinese have scored quite low in the indulgence (see graph 3), what means the culture is restraint. Emphasis on the leisure time, optimism or gratification of their personal desires is not considered as a primary factor in China. The reason beyond this might be that a life in China has not been easy in last few centuries. The poverty, high expectations from students or stress of losing face are making it even more difficult (see chapter 2.).

3.7.The Lewis model

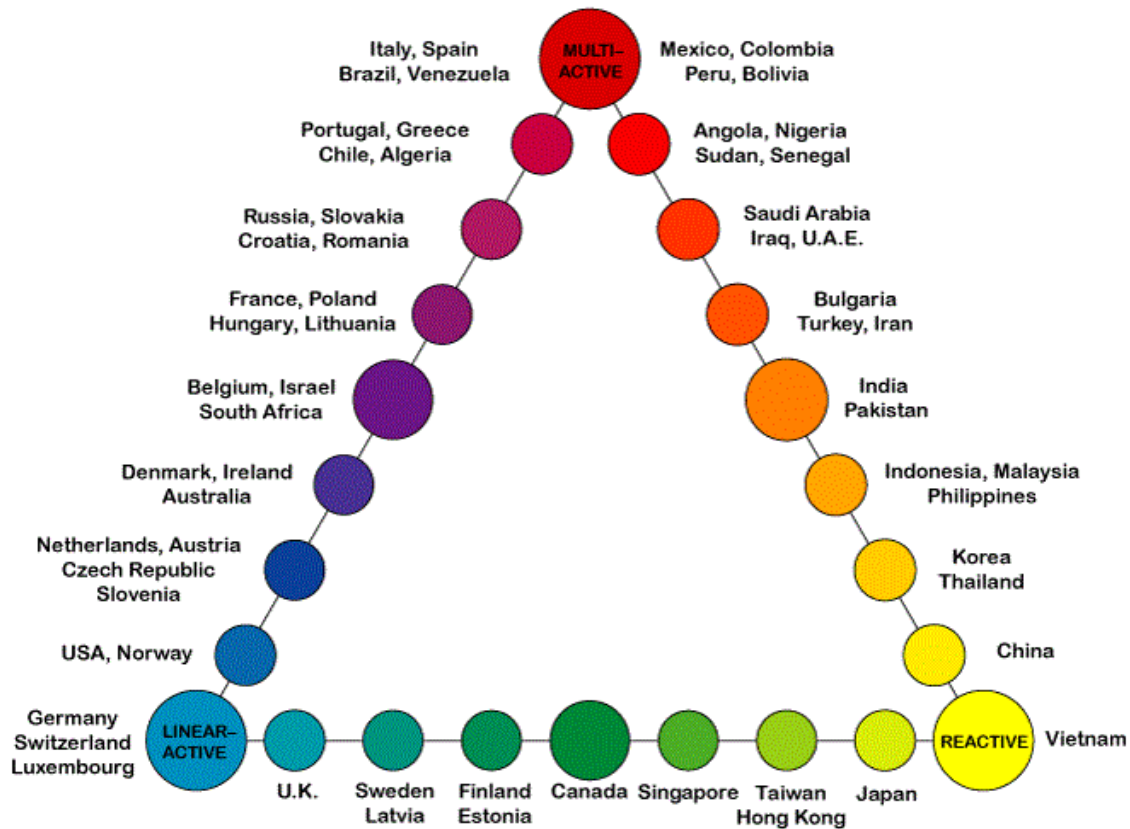


Figure 1: The Lewis model (Lewis, 2006)

As you can see on the picture above, Richard Lewis classify cultures of nations into three basic categories: multi-active, linear-active and reactive.

3.7.1. Linear-active

People from this category could be characterised as cool, factual, task-oriented, highly organized planners and schedulers. Those people pursue action chains and usually do only one thing at a time. They prefer straightforward and direct discussion. They are truthful rather than diplomatic, law abiding, have a faith in rules and regulations.

In business keen on punctual performance, quality and reliable delivery dates. Linear-active society is oriented on processes and money is important. Rationalism and science dominate thinking more than religion thinking.

3.7.2. Multi-active

Multi-active people are characterised as warm, lively, emotional, loquacious and impulsive people. Family is important, as well as feelings, relationships and people. Multi-actives do many things at the same time, interruptions are frequent and are uncomfortable with silence.

Multi-active culture people usually plans their priorities based on the relative thrill and the importance that appointment may bring with it. Priorities are not planned in accordance to their time schedules.

Hierarchic companies, strong bosses are admired and are expected to tell their employees what to do and protect them. They are flexible with time, improvisators.

This group often use in the business charisma, rhetoric, manipulation and negotiated truth. The “Mañana” behaviour is often seen within multi-active group.

3.7.3. Reactive

Members of this culture are mostly courteous, amiable, accommodating, compromisers, listeners (reactive culture is sometimes also called listeners), rarely initiate action or discussion. When they are answering to interlocutors, they do it calmly and quietly and react carefully on the other side’s proposals. In a discussion they don’t interrupt and use monologue discussion. Reactive people live in a harmony. Small talks usually do not come easily.

3.8. The cultural acclimatisation

Once a businessperson is selected for an international assignment, whether by a company or by his/her own choice, it is beneficial for them to prepare for this mission. According to Armstrong (2006), the preparation should firstly involve to meet a foreign culture and to understand the culture of country where the businessperson will be located, and a preferred approach of leading and managing the international teams, working styles within colleagues, and an organisational and personal politics which will be applied.

3.9. Training and education

Based on the findings from Harzing and Ruysseveldt (2004) it is supposed, when a new educational programme for expatriates is created, to undertake the following points:

- Identify the foreign role (for instance scientific, functional, tactical, developmental, strategic or executive)
- Provide the analysis of educational needs concentrated on the culture covering analysis and requirements of an organisation, analysis of critical functions of the job and analysis of corresponding individuals
- Set a goal of education and its criteria:
 - Cognitive – for instance understanding of the role of cultural values and norms
 - Emotional – modification of a sense of the culture and knowledge increase of how to treat with own behavioural factors in order to create adaptive behaviour, as for instance interpersonal skills
- Create a programme, where the content should cover as general as specific cultural orientation
- Evaluation of training / education

In particular cultural values there it is not possible to say that this is normal and this is not normal, as well as it is not appropriate, between different cultures, to judge someone's behaviour as rational or irrational. The reason is very simple: if we consider someone's behaviour as irrational and illogical, the same behaviour may be considered as normal and logical in China. According to Lewis (2006), one of the aims of the cross-cultural preparation, or training, is to make people to see others as normal by viewing from a different perspective.

4. Meet China

Nǐ hǎo = Hello

“The planet’s oldest civilization—an agricultural-based society formed on the Yellow River 5,000 years ago. During this long period—practically all of recorded human history—China was essentially an isolated country, cut off from other peoples by a vast ocean to the east, jungles to the south, towering mountain ranges to the west and freezing steppes to the north. It has never formed a lasting, friendly relationship with a distant country. For two millennia the Chinese empire was its own universe, sucking in Korea, Vietnam and other neighbors, while exacting tributes from others, including Japan. Its unbroken culture spread itself over many centuries throughout East Asia, where its influence is manifest in music, dance, paintings, religion, philosophy, architecture, theater, societal structure, administration and, above all, language and literature.” (Lewis, 2006).

China, the oldest culture and society, claims about themselves they are the centre of the world, a middle point of the universe. Chinese expression “Chung Kuo” – the middle kingdom is only confirming these statements.

As each other culture, the Chinese are at the beginning mistrustful against people from different culture, the scepticism here is increased by historical events, whether it was “opium wars” led by British forces, a civil war after the Japanese withdrawal or many others.

Based on the findings from Lewis (2006), Chinese view foreigners as decadent, inferior, volatile, disloyal, barbaric or hegemonic. To sum up, foreigners are in Chinese eyes “devils”. But if you consider this “historical” fact, you should be able to deal with them better.

Chinese are not only sceptic against different cultures. China praise for European artistic creations, they admire an American technological progress or a British, Nordic or French political system efficiency.

Whether Chinese think of us we are “devils” or not, one factor is undeniable: most of people from China, as highlighted by Lewis (2006), are hard-working, patient,

conscientious, undemanding, courteous, compliant and thrifty people living in a harmony with each other, therefore a good team players.

Chinese society, according to Lewis (2006), behaves decent and exemplary, combines a sense of moral righteousness with criticism of Western societies. In China, moral and spiritual values are important factors of their culture as well. Based on this factors, Chinese feel that their nation is superior to others.

If you wonder, why China feels superior and what is behind it, Richard Lewis (2006) identifies following “superior” values in Chinese culture:

modesty
tolerance
filial piety • courtesy • thrift
patience • respect for elderly
sincerity • loyalty • family closeness • tradition
trustworthiness • stoicism • tenacity • self-sacrifice • kindness
moderation • patriotism • asceticism • diligence • harmony
resistance to corruption • learning • respect for hierarchy
generosity • adaptability • conscientiousness
sense of duty • pride (no losing face)
undemanding nature • friendships
gratitude for favors
impartiality • purity
gentleness
wisdom

4.1. Contemporary China (Rampini, 2008)

Last 20 years has brought to Chinese nation very narrow progress in the field of political freedom, but an incredible growth of personal freedoms. And in everyday life is the impact of personal freedoms even more significant.

Today, a generation of sixty years old Chinese have lived almost all their life, and thirty and forty years old their childhood, in strict, despotic and extremist communist regime, which allocated positions in schools and factories. The state forced to cohabitate couple of families together under the one roof. By a systematic monitoring the government was penetrating into the privacy of people. Passports and travel permissions were granted only to reliable persons as a remuneration. The ideology dictated what to wear (the same for everyone), and in the shops the selection of goods was limited. The puritanical sexual morality in times of Red Guard was not much more liberal as in some of the today's Islamic countries.

In comparison with a situation mentioned above, there is extreme liberality and individualism in contemporary China. There is too much of diversity in behaviour, variety in the choice of study or employment, in lifestyle, fashion and consumption. People can call to their families and friends living in the United States or Europe and openly talk about China without being bugged by the police.

Proud and nationalistic – these are essential characteristics of Chinese mankind. The uniqueness of China consists of its history, culture and values. China, and Asian civilizations in general, which are touched by Buddhism and Confucianism, applying strong respect to parents, classifying the family above its individual members, collective above individuals, common good over personal egoism and rather than disputes and controversies they prefer harmony and stability. Confucianism leads to the respect for authorities and not constantly accusing a person with a higher status. Authoritarian paternalism is for an Asian etiquette the most suitable politic system. In a combination of the paternalism with capital market, this represents exquisite mixture for making a progress.

4.2. Confucianism and the impact on the Chinese culture

The Confucianism is one of the most important factors which influences why Chinese acts as they act. According to this philosophy, the stability of Chinese society exists thanks to unequal relationships among people.

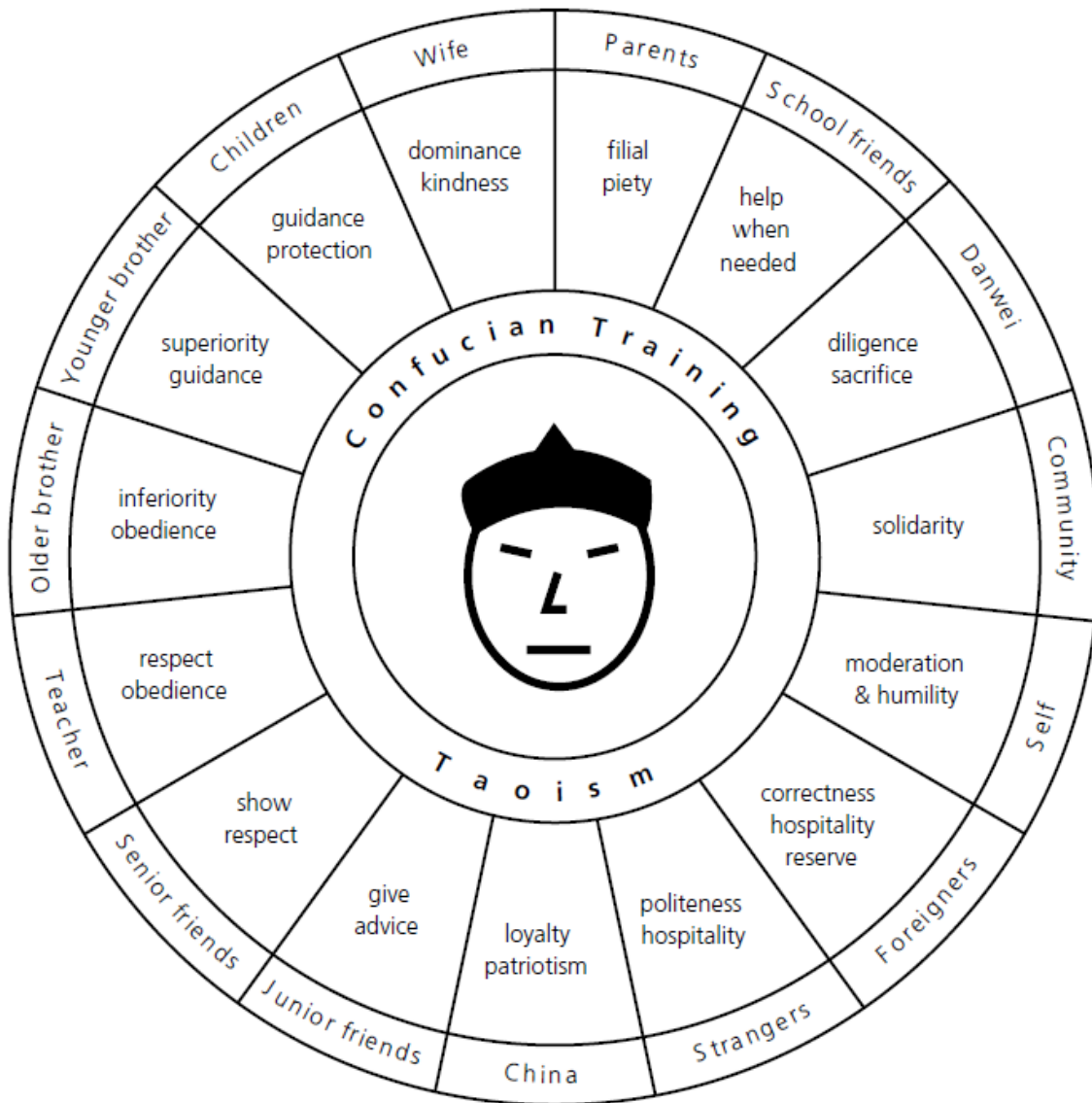


Figure 2: Expected behaviour in Confucianism to individual groups (Lewis, 2006)

Lewis (2006) highlights five basic relationships formulas to the ethical behaviour:

ruler – subject

father – son

older brother – younger brother

husband – wife

senior friend – junior friend

Those unequal relationships do not mean that a superior individual has unlimited advantage. The idea of these relationships consists of fact that superior individual has an obligation to protect and show kindness to a loyal and obedient individuals.

The Chinese believe that by observing these unequal relationships they avoid issues “typical” for Western cultures as crime, disorder or lack of social responsibilities.

Richard Lewis (2006) highlights the fundamental teaching of Confucianism in the following points:

- *We should observe and respect unequal relationships.*
- *The family is the prototype of all social organization. We are members of a group, not individuals.*
- *We must behave in a virtuous manner toward others. Everybody’s “face” must be maintained.*
- *Education and hard work must be prized.*
- *We should be moderate in all things. Save, stay calm, avoid extremes and shun indulgence*

Confucianism in China, as a philosophy, is influencing behaviour and decisions in life and business culture significantly. But not only Confucianism is influencing Chinese behaviour. There are many philosophies which are not used commonly in Western cultures.

Lewis (2006), highlights the following ones:

- *Taoism: insistence on a healthy lifestyle, adequate vegetarianism, generosity of spirit*
- *Buddhism: harmony through meditation*
- *Ancestor worship: past figures strongly influencing present action*

- *Feng shui: “wind and water” superstition, affecting decisions on building and arrangement of furniture, mirrors and doors*
- *Herbal medicine and acupuncture: frequently used and believed in*
- *Animal years: giving an individual the qualities of his or her birth animal*

In China there are many normal behavioural manners, which Europeans may consider as illogical. If foreigners realize these manners, they might benefit of this knowledge ultimately. For instance, in the business, if you show an interest and present business proposals with passion, Chinese will usually agree on your proposals because they feel uncomfortable when they have to show disagreement. As well as they feel uncomfortable when they are in an office, which has two doors in a straight line, because it is not in accordance with feng-shui, which claims that you will be unlucky as well, but as Chinese are naturally courteous, they will not tell you about this, as they do not want to disappoint you (Lewis, 2006).

Another strong behavioural factor of Chinese culture, which is based on Confucianism again, is a collectivism. In China, according to Lewis (2006), there are four basic groups which have a significant importance for Chinese culture:

- *Work unit, in China called “danwei”*
- *Family*
- *School*
- *Community*

Chinese people “belongs” to these groups, have obligations against these groups and they may not separate from them according to their culture, which may cause that Chinese people are “prisoners” of these groups and a social and a geographic mobility is therefore limited. As a consequence of the limited mobility is that losing face is a serious problem for Chinese, because once they lose face, they are forced to live with the community, school, family and work environment for a lifetime.

The side effect of collectivism is the extended family, which is more important as individualists. Individuals belong to the society where they live in harmony, social cohesion and they mutually protect their faces.

Lewis (2006), points out that cultural aspects named above are one of the factors which lead to the economic success of China.

In the business culture is an important factor the Guanxi. The idea of Guanxi is a business relationship, which is linking people into the mutual dependence on each other. Reciprocal favors and gifts are characteristic for this concept. This pleasant habit, in some situations might be dangerous as well – Lewis (2006) points out that a person, which receives a present from other, in case of a remarkably expensive present, might be asked for a tremendous personal favor, similarly as in the Godfather movie. This might be applied vice versa as well – a person that gives present will expect personal favor. This may produce nice situations, where you will get a nice present, on the other hand there is a risk of endangering the business situation, or, in a case where businessmen are restricted by their companies in the question of arbitrary pricing or discount, and this may cause an embarrassment and uncomfortable situations. It is also advised not to out-gift Chinese, you will not beat them anyway in this game and not to open gifts in front of Chinese, because there is a risk of losing a face. Presents with an idea are welcomed, something from your country or region, such as ceramics, prints, books, might be a good and safe choice.

What is definitely not a safe choice of gifts, as stated by several expatriates which have been to China, it is necessary to avoid of giving flowers, which are given only at funerals or giving a watches, what symbolize that a person is running out of time, or generally sharp objects, unless you want to cut off a relationship with Chinese. Wrapping paper is important as well, Chinese like when a gift is wrapped in a colourful paper, definitely avoid white or black, which might commemorate death and funerals, and red, especially in combination with gold or yellow is welcomed, as well as any bright colour (Obuchová, 1999).

Lewis (2006) identifies some fundamental elements typical for doing a business in China, which are affected by Chinese traditions, beliefs and Confucianism:

- *Power distance is large; inequalities are expected and desired.*
- *Less powerful people depend on the powerful to protect them and take care of their careers and welfare.*
- *Parents, teachers and bosses must all be obeyed.*
- *Age brings seniority.*
- *There is a wide salary range between the top and bottom of the organization.*
- *The ideal boss is a benevolent autocrat.*
- *Privileges for managers are expected and popular.*
- *Subordinates expect to be told what to do.*
- *Individualism is taboo.*
- *Relationships are more important than tasks.*
- *Confrontation is avoided; harmony and consensus are ultimate goals.*
- *The search for virtue is more important than the search for truth. A and B can both be right if both are virtuous.*
- *Long-term orientation and goals are advisable.*

4.3.Communication and cultural factors

4.3.1. Space and time

According to Lewis (2006) for Chinese is time very valuable item and have an intense sense of the value of the time. Chinese attitude in relation to taking up a time is noticeable, you may hear Chinese apologizing on account of time often. Stealing someone's time is considered as impolite. Appointments for a meeting with officials should be arranged at least one week in advance. When you have a meeting with acquaintances or entrepreneur, there is no need to make an appointment in advance, but at least one day before is welcomed. Chinese do not have a time to waste a time. Sometimes they will arrive on the meeting earlier, especially it is a meeting scheduled between two persons, so they say they are able to finish the business even before a scheduled time of the business. It is not a big deal when you will not arrive earlier, but

you should not be late as time is expensive and valuable for Chinese. Despite of the fact that Chinese have a sense of the value of a time and emphasizes to economize your use of the time, in general, Chinese “walk around a pool” when they are expected to make a decision, they need time to repeatedly consider all of the transaction details.

Generally to make a trustworthy long term oriented business in China it is an obligation to build a mutual relationship and trust, and to build this it may take a lot of time. Therefore, a patience is a feature you should possess.

In the question of space, despite of enormous population of China, the population density is low in the country as a whole, but not in the cities, which are overcrowded. Whereas at home, in factories and offices or public transportation Chinese rub they shoulders, they still have a respect for a privacy and during conversation Chinese feel comfortable when there is at least one meter distance from each other. (Lewis, 2006)

Chinese generally do not like touches from strangers, when shaking hands, it should be provided gently and softly. On the other hand, when a mutual relationship and trust is built, or if you are familiar with each other, touches are acceptable. In China you can spot two men holding hands together walking in the street, what means they are not necessarily homosexual partners, but they could be best friends. Again, in Chinese culture is this behaviour considered as nice sign of a friendship, therefore do not look at this manner as Westerner, use “the Chinese eyes” or “think Chinese”.

The environment in China is rapidly changing, along with the business culture, which is contemporary becoming less formal and traditional, and this fact brings together new insights. For instance, most of Chinese have dropped the habit of bowing when people meets together, especially with those from the West. This was a Chinese tradition, but nowadays this serve as a great example and evidence of the fact that China is a living organism, which is constantly changing (Forbes, 2007).

4.3.2. Communication patterns

Among Asians countries, as identified by Lewis (2006), the Chinese culture is more straightforward than others in the question of communication. Chinese are still, as typical for Asians, considerable and courteous, but they might ask you bluntly on your

opinion about important stuff, of course, politely. The criticism about Chinese partners is expressed indirectly, but in the communication you can feel a general openness, which is pleasant and helps to orientate in the conversation. Mild flattery is acceptable.

In the Appendix 1 are shown the basic motivating factors and key factors of cultural behaviour in China highlighted by Lewis (2006), which are related to the topic of communication patterns and the Chinese culture generally.

4.3.3. Listening habits

Chinese are listeners, in the discussion might feel uncomfortable if you interrupt them, on the other hand, in China, silence during discussion does not usually lead to a discomfort situation, and monologue discussions are preferred in general. Chinese used to suspect people from the West, but contemporary Chinese are more open-minded in accepting some of the Western modernity. Arrogance in communication is not acceptable, and usually make the situation worse and responds of Chinese partners more negative. What is welcomed during communication is modesty and caring speech style. Chinese do not find people, who talk too much as optimal partner for communication. On the other hand, Italians, a very chatty culture, are successful at communication and in establishing their brands in China as well. Why? They are flexible, they are able to adapt. (Lewis, 2006)

4.3.4. Negotiating and behaviour at meetings

Lewis (2006) highlights following factors typical for meetings:

- *The Chinese prefer meetings to be formal, although dress is usually comfortable.*
- *Seating will be according to hierarchy. Business cards are exchanged.*
- *The senior man must be shown great respect and attention at all times, even though he takes little part; the deputy or vice chairman is often the decision maker.*
- *The meeting is principally for information gathering; the real decisions will be made elsewhere.*
- *The pace of negotiations will be slow and repetitious. The time frame is too long for Westerners, who may see the slow-down techniques as bargaining ploys.*

- *Politeness is observed at all times. Confrontation and loss of face (for both sides) must be avoided.*
- *The Chinese rarely say no—they only hint at difficulties.*
- *A collective spirit prevails; nobody says “I,” only “we.”*
- *In a collectivist culture, accountability for decisions is avoided in many meetings. Authority is not passed downward from the leaders.*
- *Decisions have a long-term orientation. Negotiations in China are important social occasions during which one fosters relationships and decides if the people on the other side of the table are suitable partners for the long run. The Chinese, who have been doing business for 4,000 years, certainly are.*
- *They consider you technically competent but otherwise inexperienced in business relations.*
- *They negotiate step by step in an unhurried manner. They prefer to open proceedings with a discussion of general principles of mutual interest. That is probably enough for the first day.*
- *They dislike U.S. eagerness to sign a contract.*
- *Deal-oriented Americans and many Europeans agree to perform specific tasks over an agreed period of time. The Chinese, looking beyond the deal, prioritize mutual trust in the long term.*
- *They are thrifty, cautious and patient. You will have to match their patience and stamina; otherwise, deals and opportunities will be lost.*
- *They combine flexibility with firmness and expect both these qualities in you.*
- *Once they have decided who, what, when and how is best, they are very trustworthy.*
- *They know the size of their market and use this in their pricing strategy.*

4.3.5. Dinners

When you will be integrated into the China, dinners are something you will probably not avoid. Chinese are naturally very generous, courtesy and welcoming people, therefore the dinners are expected to be nice. Protocol during these dinners is easy. Slurping, smoking, belching and similar noises are considered in China as normal, for instance when they belch, and you can belch as well, it means: “Mmmmm, it was delicious”. For Western countries it might seem as rude, but as mention above, try not to look at the Chinese with “European eyes”, it is normal in China and there is no need

to underestimate them due to these manners. The dinner is in the spirit of “man man che”, what means slowly, eat. The dinner usually lasts for two hours, depending on a situation, host eats first, and the dinner usually ends when the host stands up. Eating with chopsticks is expectable, you do not need to have a “professional” skills in this, but if you are totally incapable in manipulation with chopsticks, they might consider you as an inept blockhead which is not able to adapt and therefore as incompetent in business as well. Never put your hands under the table as well. Air-drumming or pointing on someone, or even stick to the rice with chopsticks (it means to serve a death) is considered as impolite, the chopsticks were designed for food, not to play with them. (Obuchová, 1999).

When paying, there are two possibilities. You will pay or your host will pay. The basic rule is very simple, if I invite you for the dinner I pay. If your host invites you, he pays. Then usually senior pays and juniors enjoy their food for free. Tipping is in China illegal, therefore you do not need to worry about this. Never go Dutch or split the bill, Chinese will consider you as a calculator, which they do not like. (Obuchová, 1999)

To sum up it is unlikely that you will be disgraced when you will handle the food with fingers or insist to pay the bill, when you show enthusiasm to pay the bill, you can take an advantage.

As the author of this paper observed from several managers, which were integrated into the China and have had number of dinners, it is unlikely that a person from Europe will catch a diarrhoea from a Chinese cuisine, which is medically safe for our stomach and in many cases similar as well. Sometimes it is better not to look into the kitchen, as most of the food is deeply fried. Just eat, slowly, slowly, “man man che”.

Generally, in China, during business dinner, there is too much of a food. As Chinese are very generous, hospitable and afraid of losing their face, they avoid of lack of the food on the table. When you finish a meal “to the bottom”, with no food left on your plate, your Chinese hosts will feel very uncomfortable, as it means that they are not a good host. Therefore, when you have an empty plate in front of you, they will immediately re-load your plate with new food. It is all right to finish a dinner with food left on your plate and table.

4.3.6. Gān bēi!

Gān bēi is a phrase you will hear very often during business dinners when you will be integrated into the China. By using Gān bēi you are likely able to convert the Gān bēi acts to the friendship or successful business. To do a business in China, it is crucial to learn how to get drunk successfully.

What is Gān bēi? Cheers! The literal translation of Gān bēi is “to the bottom” or “down in one”.

In China, especially during business dinners, drinking alcohol is a very common situation, usually in a larger quantity in order to get drunk. The reason why Chinese are doing this, according to managers of selected companies (see chapter 5) is fun, emotions and competitiveness or softening of social barriers. Chinese like to try who is able to withstand more alcohol and sometimes they are making a “drinking game” from this occasion.

But it is not only the game and entertainment beyond drinking alcohol, Chinese believes that when you are getting drunk, alcohol will bring out your true face.

The problem for Chinese is, that due to a lower level of enzymes absorbing alcohol in their blood, Chinese are not able to drink as much of alcohol as the average American or European and might end under the table. Therefore, it might happen that you will show your true face, but drunk Chinese might not remember it on the next day. As Chinese have an innate speculative nature, they found a solution for this issue: to find a trustworthy professional drinker, which is presented as an employer of the company, but actually is not, and he is toasting foreign guests or expatriates to drink with him. The purpose of this practice is that Chinese (from the company) remain sober or at the most tipsy, you will be drunk, show your true face and Chinese will be able to keep it in their memory.

The rules in drinking are simple: toast is always made by the host, when host drinks, you drink. The higher the hierarchy of a person, the higher the position of the glass when clinking.

It is not obligated to drink alcohol if you have a reason or an excuse for that, but once you start drinking with Chinese, there is no way back. It is considered as rude to refuse the toast from your host. If Chinese requires from you to drink, drink till you end under the table, but once you end under the table, you are considered as a weak, and moppet, and unable to do business properly. Chinese alcohol is, similar as the food, de facto not very different from the European one, no problems or unpleasant surprise should be expected in this area.

In China alcohol might be helpful for expatriates, they can drink their way to the success. Gān bēi!

4.3.7. Taboos and manners

A good manner in China is, according to Lewis (2006) is to show courtesy, humility and modesty. But not in a way of playing a theatre, still it holds true that being yourself is the best. What you can do is to become a good listener, when replying use deference and understatement, during negotiation it is not appreciated when you mention your academic qualifications or your imposing business. When you are trying to beat Chinese by being first, not every time a win means win.

Taboos pointed out by Lewis (2006) include arrogance, egotism, loudness, boasting or lack of consideration for others.

This view is supported by several expatriates which have been to China, adding that generally it is necessary to avoid of saying “NO” or “this is not possible”. Chinese always appreciate when you are actively trying to find a solution on the issue instead of being reserved.

Chinese are generally superstitious, therefore another taboos in China are numbers: four, sometimes seven and ten, but especially four, have similar pronunciation as death. That is why there are no fourth floors in Chinese buildings. On the other hand there is number eight, which means wealth. Another superstitious is that shoes bring a dirt and mess into the households, which might pass on members of a family, therefore it is expectable to put your shoes off in front of the entrance to the building.

4.4. How to establish good image and position in China

Doing a business in China is a long term run. The basic rule is to build a trustworthy relationship with Chinese, otherwise it is usually a waste of the time. To build a prospering business with Chinese, long term policy and planning are important factors which are influencing the success of the venture. According to Hülle (2015), there is nothing like “quick relationship” in China. From a point view of the stranger, personal sympathy and credibility are two key factors how to find a good business partner in China.

China, a country with an extensive history, a country where people respect the Confucianism, places principles and values above money and expedience, has a golden rule: *“be extremely deferential at all times, combine courtesy with firmness, show humility and respect for age and rank, don’t overdo the logic, prepare your meetings in detail, don’t speak in a loud voice or rush them, know your Chinese history, always keep your calm and remember that patience and allowing adequate time for reflection are the keys to making progress, however slow it may seem.”* (Lewis, 2006).

4.5. A dozen of basic rules in doing the Business in China

“Business in China is complicated and beautiful at the same time” says president of Czech China Entrepreneurs Forum, Mr Hülle (2015), adding that Chinese particularly requires a good and friendly investment environment.

Generally, in an international business, as highlighted by Gesteland (2012) is that sellers adapt to buyers and visitors adapt to hosts. In China, there is no essential difference in this issue.

To achieve a success in China when doing business, it is not only about technological skills, facilities and expertise. There is something more beyond this topic, Chinese requires particular standard in the question of behaviour, communication demeanours across different cultures, which is essential in order to build a successful business relationship, which is, as states Hülle (2015), a crucial factor in conducting business with China.

As mentioned above, to succeed in China there is need to build a trustworthy relationship with Chinese business partners. As mentions Dr Chan, a president of AMM (Asia Marketing and Management), which is an international business consulting company (ASTM, 2001), when he was a child, he overheard his mother, in her dry-goods store, during a conversation with a merchandiser, he is reminiscing about how long had it taken to succeed, it took seven visits to persuade his mother and to make a business, but once they made a relationship, the business was successful and lasted for decades. In China it is still important to meet people and present products face to face, to go on the dinner, banquet, generally to make a relationship. It may take some time, and the result will not come initially, and if orders should come, it does not matter if it will be sooner or later, because the relationship tends to last for a long period and might go beyond the business as well.

In following subchapters, there are highlighted some of the basic rules in doing a business in China by Dr Chan (ASTM, 2011):

4.5.1. Respect the business card

In China, there is placed an immense significance on the ceremony of exchanging a business card, as Chinese place an emphasis on the status of the person and they are conscious about this fact and based on that, Chinese rank people in the company or in the society.

The business card is presented and passed by both hands, therefore you should take it with both hands if you have them, subsequently show an interest about the position of a person from which you received a card, place the card on the table or hold it in your hand for some time.

On your large amounts of business cards, you have prepared before you visit China, should be translated your name and title in Chinese.

4.5.2. Smile

The smile in China is similar as a handshake in Western countries. Smile, for Chinese, is a simple, universal and common way of communication when people meet. Smile is

considered as friendly gesture, not a sign of weakness, hence, in China it is not received well when a person looks too serious.

4.5.3. Avoid eye contact

Eye contact is in Western cultures considered as essential when talking with people and lack of eye contact may indicate lack of respect or an attention.

Chinese, generally, do not expect too much of eye contact, which might be seen as an expression of defiance or confrontation, therefore Chinese often talks with their eyes looking downwards, as well as they do not feel comfortable when a person is starring into their eyes and talking.

4.5.4. Make friends first, do business later

Getting straight to the point is not a way of doing business in China. Small talk and being pleasure is common in China. Usually, during first meetings, it is crucial to learn more about each other and to make friendship first, to talk about a business will come later. It is important to be patient in China and it will bring the result which, on the other hand usually tends to bring a long term business relations.

4.5.5. Speak slowly

In general, Chinese do not like to ask people to repeat when talking about important issues in business, in China it is considered as impolite and there is a risk of losing their face as well. If they do not understand you, they will not tell you and they continue to look attentive, while important issues of the business are passing by them, no matter whether they have an interpreter or not.

When you are speaking, it is appropriate to speak passionately, but watch your pace, keep in mind that Chinese are not native English speaker, you might avoid a situation of losing your Chinese audience.

4.5.6. Let Chinese save their face

“You can’t make a plant grow by pulling on it,” says Chinese.

While in western cultures you show interest by asking questions, in China it is better to be restraint. Once you ask a question and will not get a proper and straight answer, do not force Chinese to answer, losing a face for Chinese is a very serious problem (see more in chapter 4.2.).

Chinese are generally restraint and avoid to reveal too much information about a person or a company in public, unless they are sure or allowed to share information. Basically they protect themselves of losing face.

4.5.7. Arrange one-on-one meetings

With a previous chapter is connected the following fact: if you want to get a key information, arrange one-on-one meeting in private where no one is around you. In this environment are Chinese more relaxed and they feel free to speak with you straightforward.

When doing a business with Chinese, it is recommended to stay after the meeting or a presentation little bit longer, if you want to get a crucial information about the business from Chinese. When you are doing a presentation, Chinese will not ask during a presentation. But when you finish with your presentation and most of people are gone, some of the Chinese audience might come to you and ask you about a personal meeting or anything they are interested in.

4.5.8. Avoid being too casual

Chinese are concerned about their social status, therefore it expected to avoid of calling Chinese with their first name, this might be consider as impolite and disrespectful and Chinese might feel uncomfortable and embarrassed.

4.5.9. Let them smoke

Smoking in China, especially among men is considered as a right thing when doing a business. You are not obligated to smoke with them, anyway, when you allow Chinese to smoke, they may listen to you more carefully.

If you are not able to withstand a cigarette smoke, try to meet with Chinese in public or in well ventilated places, and definitely avoid of meetings in your hotel room or your residence.

4.5.10. Don't take a Chinese yes literally to mean affirmative

The reason why Chinese say yes, although they do not mean yes, is that they want to show you that they pay attention when you are talking or that they follow what you are talking about. In this moment, the word yes does not mean that Chinese agree with you, when they say yes and mean yes, they are speaking in sentences, or put the issue on the paper.

4.5.11. Watch your language.

To avoid unpleasant situations related to translation issues, keep in mind that most of Chinese have learnt the language in the school, where most of their teachers of English have never been in English speaking country. Therefore, avoid colloquialisms or idioms, which might be incomprehensible for Chinese.

4.5.12. Be careful about the measurements

Technical professional, which are integrated in China should be familiar both with metric and imperial (English) measurements, as Chinese have used their own measurement system and units for more than two thousand years. In 1980s China adopted the international metric standard, which is taught in schools as well, however there are still several provinces in China where the Imperial measurement standard is used. The traditional Chinese measurement system is currently used rarely, but still remains in local shops or rural areas (China Expats, 2016).

Therefore, when you are presenting anything connected with units, it is recommended to use both metric and imperial measurement system in order to avoid misunderstandings.

5. Problem analysis and current situation

One of the aims of this paper is to propose an effective preparation concept for international assignments in China. This chapter describes and analyses the following preparation concept of the selected company.

The data of the company's preparation concept, used in this paper, were obtained throughout the managing director of the selected company, during several meetings in the form of a mutual discussion.

The company which was chosen for the analysis of preparation concept, is an international company made up of 11 production and development sites in European countries and China. Headquarter is situated in Germany. The company develop and produce heating, cooling and hot water products and solutions, employs more than eleven thousand employees.

As this company is closely cooperating with a Chinese subsidiary, preparation for assignments in China is needed.

Employees, especially managing directors and technician, from German headquarter and from European subsidiaries are often undertaking as short term, as well as long term assignments in China. The short term assignments include business trips, workshops etc., and assignments as expatriation into the China for a long term period.

For a short term assignments are sent mostly managing directors of selected company, where a maximum length of the stay is a couple of weeks.

The long term assignment in this company means several months or years long work stay in China, and is mostly applied for their technicians.

The preparation concept of this company consists of one hour long lecture, which includes the basics of the business etiquette in China and what to avoid.

There is no difference between the preparation concepts for both short term and long term assignments, consisting from the same lecture.

This preparation concept is provided by the company's German headquarter, which has prepared this concept based on the Knigge rules, where the Knigge is a special German

phrase related to good manners and polite behaviour, outside of a Germany the phrase Knigge might be known thanks to a Michael Kessler's comedy show Kesslers Knigge, where are shown, in the funny short spots, various situations connected with behaviour or manners. Those spots always begin with "ten things you should not do when...", in German original "10 Dinge, die Sie nicht tun sollten, wenn..." (SAT.1, 2016).

The preparation concept of this company consists of one hour long course dealing with the basics of the business etiquette in China and Chinese business culture, Chinese customs and manners, things to avoid, or the do's and don'ts in China, all of mentioned above deals with accordance to the business culture in China.

The preparation concept of a chosen company was made by the company itself, in German headquarter and is equal for all of their European's employees. Therefore there is no comparison of specific cultures with the Chinese one, and is only concentrated about China and Chinese business culture.

5.1. The preparation concept of the selected company

The preparation concept of the selected company, which is prepared based on the Knigge:

5.1.1. The three pillars of Chinese culture

The "Guan Xi" represents relations. The population density and the resulting fierce competition, for example, to move forward in the study or work life, requires support from family or friends

The way to build such relationships and to maintain, is "Ren Qing". It means something like "to do someone a favour". For instance to invite someone for a food or to give a present to someone. These interpersonal relationships are well maintained. Respect among each other is crucial for participating in social life within a group successfully.

Especially important in social intercourse is "Mian Zi", the preservation of the face. Both your own face and that of the other person should be respected. The criticism is not accepted well. This is also one of the reasons why Chinese avoid of being asked, as

they rarely admit that they do not know or understand something. Better is to offer alternatives, from which they can select one.

5.1.2. General

Being a gentleman or the European rule "ladies first" is rather unusual in China. Older people or people with higher positions are always approached first.

"You're welcome" and "thank you" are phrases which are not used frequently in China. Chinese think that it sounds superficially. An equivalent of the verbal "Xiexie" (thank you) is the repeated tapping with fingertips on the table.

"Clothes make the man" is very important in China. This includes not only ordinary clothes and always clean shoes, but also harmonious movements.

If there is a problem, Chinese try to solve it by using a different point of view or perspective. Important is to clarify how it came about, and to solve the problem step by step. Important is to find an optimal solution which might be seen with the environment and good integration into the whole issue, based on criteria as harmony. Chinese will rarely respond with a "No" or "I do not know", but always try to find an alternative solution.

Another difference between people from East and West is the Meaning of Smiles. Of course, smile is for Asians about the same things as for Europeans, but you see them smile always, even in a situation when you do not smile.

5.1.3. Business Etiquette

Lasting relationships with Chinese partners are usually based on good personal contacts. The harmony of the relationship is more important than the short term economic success. Therefore, at business meetings, one should never immediately get to the point, but only once create a harmonious atmosphere.

The socializing with colleagues after work is a must and essential part of the work.

In China, ranking of a person's status is recognizable. The person with highest status enters the room always first.

The hands are shaken gently with a slight bow.

The use of Business Cards and their correct transfer play an important role in business. In business, a punctuality is required as well.

5.1.4. Eating and drinking etiquette

Chinese prefer hot food and hot drinks. Between courses you put the chopsticks on a small bench next to the plate. Never put the chopsticks in a bowl of rice, it brings bad luck.

It is considered rude to eat up everything, because then your host assumes that you're still hungry. Drinking lot of alcohol and toasting is very common during dinners or banquets.

5.1.5. Gestures, habits, taboos

The foot or shoe soles are considered the “lowest part” of the body. Therefore one does not show his foot on someone or pushing objects with it. This taboo is observed even when you are crossing your legs.

When entering a private home or a religious place, let the Shoes in front of the door. Shoes are dirty.

Personal touches among strangers, like hugs, greeting kisses or pats are rather strange.

Good topics of conversation are history, culture, family or the progress in China. Bad conversation topics are Cultural Revolution, sex, wealth, politics.

Superstition and numbers play a very important role in China. Auspicious numbers are two (happiness is born as a twin), three (means wealth, success, life), six (has the same pronunciation as “successful, without barriers”), the general lucky number is eight 8 (means “to be rich”) and nine. The unlucky numbers are many of odd numbers, and especially four, because in Chinese it sounds as the word “death”.

Colours and symbolism have its importance as well. This symbolism has many expressions. For instance fruits: orange means happiness, apples symbolize peace and

peach means long life. Gifts are wrapped in colour papers. Red and gold are positive colours, white and black should be avoided.

Chinese receive gifts with pleasure, a gift with geographical or historical symbolism is welcomed. Watches and flowers are the worst examples of gifts for Chinese, as it is associated with Chinese words of death, or with funeral ritual.

6. Proposals and contribution of suggested solutions

Iron rules of international business, as pointed out by Gesteland (2012) is that sellers always adapt to buyers, and visitors adapts to hosts. Simply, when in Rome, do as the Romans do, but do not forget to be yourself. This view is supported by all of asked top managers of companies involved in a trade with China or cooperate with Chinese production facilities, which were participating on this paper.

You feel most comfortable when you are yourself. Of course, you, as a visitor should adapt to Chinese environment and culture. But do not forget, when you will behave in an unusual way, literally doing a theatre, Chinese business partners may recognize it and might consider you as a “bootlicker” or at least look at you strangely, but they will not tell you about this, due to, for Chinese, congenital courteous character.

The selected company is using their own model of preparation for international assignments of their employees into the China, which was prepared based on the Knigge (see chapter 5).

The concept is generally very helpful for future expatriates, including most of issues, which might be used in a real world, concerned about the Chinese business culture. This concept meets most of issues mentioned in chapter 4.5. However, not everything is mentioned. According to the author of this paper, there are at least three critical points which should be adapted into this preparation concept:

- **The language and understanding issues (see chapter 4.5.5 and 4.5.11.):** in general, Chinese do not like to ask people to repeat when talking about important issues in business, it is considered as impolite in China and there is a risk of losing their face as well, therefore, it is important to speak slowly and understandable. If Chinese do not understand you, they will not tell you and they continue to look attentive, while important issues of the business are passing by them, no matter whether they have an interpreter or not.

When you are speaking, it is appropriate to speak passionately, but watch your pace, keep in mind that Chinese are not native English speaker, you might avoid a situation of losing your Chinese audience.

Subsequently, expatriates in China should watch their language. To avoid unpleasant situations related to translation issues, keep in mind that most of Chinese have learnt the language in the school, where most of their teachers of English have never been in English speaking country. Therefore, avoid colloquialisms or idioms, which might be incomprehensible for Chinese.

- **One-on-one meetings (see chapter 4.5.7):** if you want to get a key information from Chinese, arrange one-on-one meeting in privacy, where no one is around you. In this environment are Chinese more relaxed and they feel free to speak with you straightforward.

When doing a business with Chinese, it is recommended to stay after the meeting or a presentation little bit longer, if you want to get a crucial information about the business from Chinese. When you are doing a presentation, Chinese will not ask during a presentation. But when you finish your presentation and most of people are gone, part of the Chinese audience might come to you and ask you about a personal meeting or anything they are interested in.

- **Confucianism (see chapter 4.2):** according to this philosophy, the stability of Chinese society exists thanks to unequal relationships among people. As the Confucianism is one of the most important factors which influences the way why Chinese acts as they act and influences their behaviour and decisions in life and business culture as well, the author of this paper believes that expatriates should be familiar with this.

As the following critical point of the company's preparation concept, the author of this paper emphasize the importance of being up to date in the business. In this case the preparation concept is meant. While the selected company, which is using their own preparation concept built on the Knigge (see chapter 5), is still using and providing a knowledge to their employees the material, which is not updated regularly.

However, the environment in China has changed rapidly in recent years, together with this is slowly changing the business culture as well. The contemporary business culture is becoming less formal and traditional, and this fact brings together new insights: most of Chinese have dropped the habit of bowing when they meet together, especially

with those from the West. This was a Chinese tradition, but nowadays this serve as a great example and evidence of the fact that China is a living organism, which is constantly changing (see chapter 4.3.1.).

In the preparation concept of selected company, bowing is still figuring in the concept. This might not be such a big issue, but still, as mentioned above in this chapter, when you will behave unusually, literally doing a theatre, Chinese business partners may recognize it, and might consider you as a “bootlicker” or they might look at you oddly. Especially, if we consider that first impression in doing business in China is essential and might influence the following proceedings, as well as the meaning about a person which represents the company, even such small details might influence the business and should be considered as well.

Therefore, the author of this paper propose the following preparation concept for expatriates of the selected company for their international assignments in China:

As the contemporary preparation concept is generally helpful for expatriates and covering most of issues, which are often used in a real Chinese business culture and environment, as well as the educational needs concentrated on the culture are covering the requirements of the selected company and meets critical functions of the job, there is no need to change the whole concept. However, as mentioned above in this chapter, three crucial topics should be listed in this concept:

- **The language and understanding issues**
- **One-on-one meetings arrangements**
- **Confucianism**

Another issue with a contemporary preparation concept is, that the concept is not regularly customized to an actual business environment and culture in China.

In order to rectify the critical issues mentioned above, the author of this paper propose the following two possibilities:

- a) To maintain the contemporary concept with completing of the three crucial factors mentioned above and keeping the concept up to date, which will be provided by the human resource department from the company’s headquarter in

Germany in a regular time period, which might be set for a period of between one to five years (while the environment is changing rapidly, the influence on the business culture is not as rapid).

The way of providing of the course would be maintained as well, what means that the concept still will be lectured by the human resource department in the company's headquarter in Germany.

- b)** Cooperation with professionals in this field: the Chinese chamber of commerce in Germany (or a country where the preparation is provided), where the chamber of commerce will prepare the programme based on the requirements of the company and will be a provider of the training and an education for employees of the selected company.
- c)** The combination of possibilities mentioned above, what means the preparation itself will be maintained by the company itself, respectively the human resource department in the company's headquarter in Germany, but the department will consult contemporary issues in China and cooperate on the modification of current preparation concept with the chamber of commerce

Each combination is according to the author of this paper appropriate, because each of them meets the basic requirements of preparing individuals for an international assignment in China.

The main advantage of possibilities **a)** and **c)** is, that the company will keep the preparation concept under their control. As well as it is less expensive to pay a person from the own team as from an external company, in this case the chamber of commerce.

The possibility **b)** perfectly meets the requirements of the company, there is a security of having up to date trainings with modern approach to international business issues, but if we consider the costs of the cross-cultural training programme moving around \$1,500 to \$3,000 a day (SHRM, 2015), this should not be a negligible price for the company with more than eleven thousand employees, especially when it is considered that the contemporary solution is sufficient for most of employees. Such kind of training makes

sense for the executives of the company, where only one successful trade may cover the costs of the training and the final result may multiply exceed the incurred costs.

The contemporary preparation concept is already made by the company, which means, that for the future preparations, there is no additional investment needed, only the costs for updating the concept, which is negligible in comparison with the solution **b)**. Even if we consider a team of three human resource specialists doing two days on the updating of the preparation concept once in a year, which should be sufficient, and at the average labour costs for employee in the business economy in Germany at 32.7 € (Eurostat, 2015), the total costs, for labour, of updating the preparation concept is equal to 1569.6 €, which is still similar as only one individual training per person in the solution **b)**.

The costs are in this case were calculated only to show that the solution **a)** is a way cheaper than the solution **b)** and do not serve as a basis for real calculations in the real world.

The possibility **a)** is the cheapest one, but the professionalism, business tips and tricks provided by the specialists from the solution **b)** is priceless.

As a consequence of this, the author of this paper recommend the solution **c)** which brings to most of the company's employees a satisfactory preparation concept for their international assignments in China, updated and modern approach to international business issues, and a reasonable price for the company.

7. Conclusion

Who lives among Chinese, learns to admire their amazing vitality, refined culture, fantasy, wisdom and discipline.

The Chinese economic miracle, during last decades, has changed not only the way of life in China, the culture and thinking of Chinese have changed as well. Along with an increase in the life standard, the expectations for life have raised simultaneously. The environment, quality of life, food safety or materialistic desires are only a drops in the ocean.

Contemporary life in the Communist China, at least in urban areas, is a modern life. Chinese have personal freedoms, use latest technology, travel around the world, the lifestyle, fashion and consumption is on at least the same level as in European or American countries.

Maybe there is no democracy in China, but compare the democratic India and the communist China. Only a couple of decades ago, there was not such a dramatic difference in the field of the economies of those countries. Today, China is a giant economy, the largest trading nation in the world, while India is still on the growth.

The thing is, that China earns and invests. Recently, China has invested enormous amount of money into the infrastructure and educational system.

Correlating to the previous point, most of Chinese gross domestic product is created from the industry and constructions. The issue here is, that the government build an infrastructure artificially in order to boost the gross domestic product. As a consequence there are six lanes highways, which are empty, shopping malls where 99 percent of the area is empty or a whole newly built uninhabited housing settlements and housing estates.

In doing business with Chinese, besides the importance of understanding their culture, the author of this paper highlights three crucial factor which needs to be applied in order to succeed:

- To make a successful business, there is need for making a relationship first, in other words make friends first, do business later.
- Be yourself. This general rule should be applied in all over the world, but with adaptation on particular culture of course.
- Do not look at Chinese with “your own eyes”, try to look at the situation from a different perspective, through “Chinese eyes”. China is a normal, modern country, where lives normal people, but the culture is different from European or American. Therefore the “Chinese eyes”.

Everything has been said. Whether we live in the Chinese century or not, one thing is sure: in the field of business, China is a global player with whom you have to count.

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Appendix 1: Motivation (Lewis, 2006)

MOTIVATION	
KEY	<i>Humility, giving face</i>
<i>Cross-century mood</i>	<ul style="list-style-type: none"> ◆ Regaining Taiwan is foremost in their minds. It will be difficult to motivate them at all if you oppose them on this issue. ◆ They make progress on human rights at their own pace; accusation is counterproductive. ◆ The Chinese expect to regain Asian and hemispheric hegemony during this century; they see the eighteenth and nineteenth centuries as an aberration. ◆ Deng said "to make money is glorious," and this is quickly becoming a goal.
<p><i>Motivating Factors</i></p> <ul style="list-style-type: none"> ◆ Show compassion for Chinese difficulties. It will pay off. ◆ Learn all you can about <i>guanxi</i>. ◆ Prepare well—the Chinese will appreciate it. ◆ Know Chinese history, and praise their inventiveness and artistic achievements. ◆ Remember that power distance is large and that inequalities are expected and desired. Find your "rank" and behave accordingly. ◆ When a big deal is cooking, visit, visit and visit again. Chinese desire follow-up! Your rank must be as high as possible. ◆ Tell subordinates what to do (kindly). ◆ When entertaining, do not hesitate to be lavish. The Chinese are frugal people, but not when feasting. ◆ Preserve harmony by saving face for everybody on all occasions. This is guiding principle number one. ◆ Be careful how you look at the concept of truth. The Chinese do not believe in absolute, scientific truth. <p style="text-align: right;"><i>(continued)</i></p>	

MOTIVATION *(continued)*

- ◆ They consider themselves extremely experienced, knowledgeable and shrewd. You may think you are more *au fait* (competent) with international business methods, but don't let this show through.
- ◆ They won't do business with you if they don't trust you. Show your reliability through your deeds.
- ◆ Imitate their skill in combining affability with arm's-length politeness.
- ◆ Learn to read between the lines. Chinese arguments often go around in circles. Try to triangulate to get a fix on the real point.
- ◆ Don't hesitate to do business through go-betweens. It often speeds up progress strikingly.
- ◆ Remember that gift-giving is an important feature in business and social relationships. Choose appropriate rather than lavish gifts.
- ◆ Remember that in China the buyer comes first and expects added respect.
- ◆ Dress neatly and conservatively. Beards and other excessive hair cause the Chinese to feel uncomfortable.
- ◆ Close all meetings you control by thanking everyone for attending.

Avoid

- ◆ Showing anger or appearing upset.
- ◆ Rushing Chinese business partners.
- ◆ Rejecting a Chinese proposal out of hand. When you negate someone's idea, you negate the person.
- ◆ Boasting.
- ◆ Ignoring anyone brought into your presence.
- ◆ Discussing Taiwan or Tibet.
- ◆ The topic of human rights (for Chinese).